International Labour Conference
90th Session 2002

Report IV (2A)

Promotion of cooperatives

International Labour Office Geneva

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RECURRING ABBREVIATIONS

Argentina	UIA	Argentine Industrial Union
	CGT	General Confederation of Labour
Austria	ÖGV	Austrian Cooperatives' Association
	BAK	Federal Chamber of Labour
Belgium	CNT	National Labour Council
Brazil	CNI	National Confederation of Industry
	SDS	Social Democracy Union
Canada	CEC	Canadian Employers' Council
Colombia	ANDI	National Association of Industrialists
Croatia	CFC	Cooperative Federation of Croatia
Cyprus	PEO	Pan-Cyprian Federation of Labour
Ecuador	CAPEIPI	Pichincha Chamber of Small Industry
Egypt	ETUF	Egyptian Trade Union Federation
France	MEDEF	Movement of French Enterprises
	CGT-FO	General Confederation of Labour – Force Ouvrière
	GNC	National Association of Cooperative Federations
Italy	LEGACOOP	National League of Cooperatives and Mutual Associations
	CONFCOOPERATIVE	Confederation of Italian Cooperatives
	AGCI	General Alliance of Italian Cooperatives
Japan	NIKKEIREN	Japanese Federation of Employers' Associations
	JTUC-RENGO	Japanese Trade Union Confederation
Lithuania	CLI	Confederation of Lithuanian Industrialists
	LUCC	Lithuanian Union of Consumers' Cooperatives
Morocco	FCCISM	Federation of Chambers of Commerce, Industry and Services of Morocco
New Zealand	BNZ	Business New Zealand
Norway	NHO	Confederation of Norwegian Business and Industry

Poland	NCC	National Cooperative Council
Portugal	CIP	Confederation of Portuguese Industry
	CGTP-IN	General Confederation of Portuguese Workers
	UGT	General Union of Workers
South Africa	BSA	Business South Africa
Switzerland	UPS	Confederation of Swiss Employers
United Kingdom	CBI	Confederation of British Industry
United States	AFL-CIO	American Federation of Labor and Congress of Industrial Organizations
	USCIB	United States Council for International Business

INTRODUCTION

The first discussion of the question concerning the promotion of cooperatives took place at the 89th Session (2001) of the International Labour Conference. On the basis of that discussion, and in accordance with article 39 of the Standing Orders of the Conference, the International Labour Office prepared and communicated to the governments of member States the text of a proposed Recommendation concerning the promotion of cooperatives. This text was incorporated in Report IV (1).

Governments were invited to send, after consulting the most representative organizations of employers and workers, and national cooperative organizations if they so wished, any amendments or comments on the text so as to reach the Office by 30 November 2001 at the latest or to inform it, by the same date, whether they considered that the proposed text constituted a satisfactory basis for discussion by the Conference at its 90th Session (2002).

At the time of drawing up this report, the Office had received replies from the governments of the following 56 member States: Argentina, Australia, Austria, Barbados, Belarus, Belgium, Benin, Brazil, Bulgaria, Burkina Faso, Cameroon, Canada, Chile, China, Colombia, Costa Rica, Croatia, Cyprus, Ecuador, Egypt, El Salvador, Eritrea, Estonia, Ethiopia, Finland, France, India, Israel, Italy, Japan, Kuwait, Lebanon, Lithuania, Mauritius, Mexico, Morocco, Myanmar, New Zealand, Nigeria, Norway, Panama, Philippines, Poland, Portugal, Romania, Singapore, Slovakia, South Africa, Spain, Sweden, Switzerland, Syrian Arab Republic, Thailand, United Arab Emirates, United Kingdom, United States.

In the case of 44 countries (Argentina, Austria, Belarus, Belgium, Benin, Brazil, Bulgaria, Cameroon, Canada, China, Colombia, Costa Rica, Croatia, Cyprus, Ecuador, Egypt, El Salvador, Estonia, Ethiopia, Finland, France, Japan, Lithuania, Mauritius, Mexico, Morocco, Myanmar, New Zealand, Nigeria, Norway, Panama, Philippines, Poland, Portugal, Romania, Slovakia, South Africa, Spain, Sweden, Switzerland, Syrian Arab Republic, United Arab Emirates, United Kingdom, United States) the replies of employers' and/or workers' organizations were incorporated into those of the government, appended to the government's reply, or communicated directly to the Office.

To ensure that the English and French texts of the proposed Recommendation concerning the promotion of cooperatives are in the hands of the governments within the time-limit laid down in article 39, paragraph 7, of the Standing Orders of the Conference, these texts have been published in a separate volume, Report IV (2B), that has been sent to them. The present volume, Report IV (2A), which has been drawn up on the basis of the replies from governments and from employers' and workers' organizations and, in a few cases from cooperative organizations, contains the essential points of their observations. It is divided into two sections: the first comprises observations of a general nature, while the second section contains their observations on the proposed Recommendation, with the Office commentaries on these observations. For reasons of space, it has been necessary at times to reduce length while retaining a comment's substance. Most comments followed closely the structure of the text of the Recommendation and specified the parts of the text that were being referred to.

In these instances where this did not happen, however, the Office has, to the best of its judgment, allocated observations to appropriate parts of the report.

REPLIES RECEIVED AND COMMENTARIES

The replies received with regard to the proposed Recommendation concerning the promotion of cooperatives are presented below. The replies are followed, where appropriate, by brief Office commentaries.

The governments of the following 11 member States stated that they had no observations to put forward or that they had no comments other than to state that they considered that the proposed text constituted a satisfactory basis for discussion at the 90th Session of the Conference: Belarus, Bulgaria, Burkina Faso, Chile, China, Costa Rica, Lithuania, Myanmar, Romania, Thailand and United Arab Emirates.

General observations

ARGENTINA

The Government commends the work of the International Labour Organization in respect of human development activities to improve the quality of life. In that respect, it is most auspicious that regulation of an area that has long been growing throughout the world should be considered at the international level.

The Government wishes to mention that, given the universal coverage of the Occupational Risks Act (No. 24.557), cooperative workers fall within the scope of the Act, specifically section 2, paragraph 2(c), which provides that the National Executive may include workers who are not employees within the scope of the Occupational Risks Act.

However, the Government does not consider it appropriate to include cover of such workers in the Conclusions concerning the promotion of cooperatives, because the regulations for implementing that cover have not yet been enacted.

Argentine Industrial Union (UIA). The following general principles should be taken into account when drafting the proposed Recommendation: cooperatives are associative enterprises, organized voluntarily by members who are self-employed; the Recommendation should refer to the promotion of cooperatives as commercial entities organized by members for their mutual benefit; it should not be transformed into a new international instrument on standards and conditions of work in cooperatives, without clearly defining the status of members and/or employees of a cooperative; and cooperatives should not receive preferential treatment from governments, since it is of vital importance to maintain equality of conditions for all economic activities.

General Confederation of Labour (CGT). No objection to the proposed text as a basis for discussion at the Conference.

AUSTRALIA

The Government considers that the international "labour code" must be contemporary, concise and have universal relevance, and its instruments must be widely ratified if it is to command respect from the global community and meet the ILO's basic objectives. The Government agrees that consideration should be given to the adoption

of Recommendations, without accompanying Conventions, that give guidance on many labour issues not considered appropriate for inclusion in Conventions. Appropriate use of Recommendations helps to ensure that member States apply new labour standards flexibly in accordance with changing circumstances and their particular national conditions.

Cooperatives are an important means of promoting public involvement in developing small to large communities, and the proposed Recommendation covers a range of issues relevant to successful management and activities by such community-based organizations. The Australian economy operates under competitive market conditions, and the understanding is that all organizations involved in economic activities, including cooperatives, need to face open market conditions but without running the risk of being unfairly disadvantaged. Although they are not specifically aimed at cooperatives, there are in Australia many government initiatives designed to assist communities in developing their capacity for independence and self-reliance (for example, the "Can Do Communities" initiative under the Stronger Families and Communities Strategy, or the Prime Minister's Community Business Partnership), and legislation has been put in place to promote workers' rights and equal opportunity in the Australian workplace. The proposed Recommendation can usefully take note of the current support arrangements and legislation in member countries.

AUSTRIA

The proposed Recommendation is primarily aimed at the needs of countries in Asia, Africa and South America, and should be understood in the light of their economic, political and social situations. The proposed provisions are not always applicable to Austria or other western countries.

Austrian Cooperatives' Association (ÖGV). A careful reading of the Conference Committee's report shows that the proposed Recommendation was heavily influenced by the representatives of countries in Asia, Africa and South America. If one considers the economic, political and social situation in many of those countries, the statements and demands of some of the delegates are understandable. The aim of the Recommendation was to validate all forms of cooperatives, including the types of economic enterprises and associations found in Western Europe. For this reason, some of the statements are extremely questionable. For example, the Worker members expressed the view during the 89th Session of the Conference[1] that cooperatives are part of the so-called third sector of the economy, the social economy. Consequently, a clear distinction should be drawn between cooperatives and public or private enterprises. In the opinion of a representative of the cooperative movement, such a definition of the legal status of cooperatives as found in Europe should be rejected, as they contribute significantly to the welfare and prosperity of the small business sector and thus of the economy as a whole. Cooperatives in Austria, for example, are economically successful businesses which provide their members with competitive advantages through efficient organization and strong performance; they have nothing whatsoever to do with social economic institutions. The representative of the Government of Den-

[1] ILO: *Provisional Record No. 18*, International Labour Conference, 89th Session, Geneva, 2001, para. 18.

mark[1] pointed out that a single definition covering all economic sectors and differences between countries would be hard to find.

Belgium

National Labour Council (CNT). The Council has considered the proposed Recommendation, on which there is to be a second discussion and which should be adopted at the International Labour Conference in June 2002.

The Council recalls Opinion No. 1314, issued on 30 May 2000, in which it examined the question with a view to its first discussion by the Conference.

It noted that attention should not be focused on the legal form of the cooperative society, and considered that the scope of application of the future instrument should be determined in the light of its purpose and the type of social activity pursued.

It has examined the text of the proposed instrument in the light of these concerns, and considers that the criteria contained in Paragraph 2 in the section "Scope, definition and objectives" provide an appropriate response.

This being the case, the Council can endorse the content of the future instrument and has no particular remarks to make.

Canada

Canadian Employers' Council (CEC). The Council acknowledges that Recommendation No. 127, adopted in 1966, which focuses on promotion of cooperatives in developing countries, no longer reflects current circumstances. Cooperatives are not economic/social development instruments of the State, exclusive to developing countries. In fact, the types and characteristics of cooperatives vary significantly within and between nations, but what cooperatives do have in common is a requirement to serve their members.

Any proposed instrument must be flexible enough – that is, not too prescriptive – to cover all types of cooperatives in all countries. At the same time, it is important that other forms of enterprise should not be inadvertently disadvantaged or discouraged by measures to promote the cooperative model.

Unhappily, the product of the first discussion suffers from a number of deficiencies, including an overemphasis on matters entirely unrelated to cooperatives, and at the same time a recurrent theme of meting out special favours to the cooperative form of enterprise.

Croatia

Cooperative Federation of Croatia (CFC). The CFC unreservedly supports the proposed Recommendation. This proposed text achieves its objectives: it promotes cooperatives, proposes the creation of a sustainable political and economic environment in all countries, irrespective of their level of development, and is therefore a very good tool for lobbying.

[1] ibid., para. 47.

Cyprus

The Government considers the proposed text of the Recommendation to be a satisfactory basis for discussion by the Conference at its 90th Session.

The Cyprus Employers' and Industrialists' Federation, whilst considering the proposed text to be an acceptable basis for discussion, has reserved its views on particular paragraphs for the Conference, as has the Cyprus Chamber of Commerce and Industry. The Pan-Cyprian Federation of Labour (PEO) has forwarded its comments to us. The Cyprus Workers' Confederation has informed us that it regards the proposed text as a satisfactory basis for discussion by the Conference.

Egypt

The Government considers that the proposed Recommendation as a whole, as it is proposed to the 90th Session of the International Labour Conference, is the best form that can rally the three groups represented in the Organization.

Egyptian Trade Union Federation (ETUF). The subject-matter of cooperatives is possibly one of the most important subjects that needs to be revitalized. Cooperatives are considered, among the proposed solutions, as the solution that is best suited to our conditions and needs, considering that we are a developing country going through a period of economic change; this requires economic development through means that promote both development and the social dimension of local privatization and globalization, taking into consideration our limited capacities. Consequently, a new perception and a revitalization of the idea of cooperatives is needed. That is why raising the issue of cooperatives is regarded as a good endeavour on the part of the International Labour Organization and the International Cooperative Alliance. The Egyptian Trade Union Federation wishes to draw attention to a number of points in this regard:

- As a general principle, a mechanism is needed to monitor cooperatives and their performance. This should be an evaluating instrument, not intended for controlling or interfering with cooperative activity but for auditing and evaluating general objectives.
- Past deficiencies need to be examined, such as negligence, lack of preparedness, product stagnation, lack of means for marketing and promotion with the aid of surveys to find out the needs of consumers, beneficiaries and members of cooperatives.
- There is a need for cooperation between trade unions and non-governmental organizations, as well as protection of consumers' associations, to evaluate, revitalize and assess systems of cooperative management and combat corruption to prevent state support going to corrupt beneficiaries. If cooperatives succeed in realizing these objectives progressively, they will then be viable, otherwise they should be abolished.

Consideration must also be give to: the importance of creating job opportunities; continuity and preservation of initial capital; boosting economic and developmental activity; ensuring quality service for consumers at fair prices, and restraining greed and excessive price increases; serving the interests of society; and promoting economic stability.

Emphasis should be placed on cooperation between cooperatives and small businesses by gathering them through the establishment of cooperative wholesale societies

in order to serve their objectives, especially in the context of privatization, early retirement and allowances in the era of globalization, mergers and mega-entities.

There should be greater emphasis on management efficiency, human resources training and legal accountability, as indicated in Paragraph 4(b), as well as on raising cooperative efficiency and transparency to ensure quality management and social justice.

Assistance and facilities should be given to successful and soundly managed cooperatives in order to achieve competitiveness, viability, quality and continuity of service.

In Paragraph 8(f), access to credit should be for cooperatives that achieve public objectives in the interests of citizens and members of cooperatives, in such areas as quality service.

A Paragraph should be added on the role of workers in encouraging workers and consumers to benefit from cooperative services and products, when organizing fairs and bazaars, as well as in taking their opinions into consideration.

El Salvador

The International Labour Conference has agreed on the text of a proposed Recommendation on the promotion of cooperatives, based on the conclusions reached at the end of the first discussion (89th Session of the Conference).

We consider that this is a firm step towards the adoption of a future Convention which will benefit thousands of cooperative associations throughout the world.

Following the legal examination of the proposed Recommendation, we fully endorse the form and structure of the Preamble, the instrument's scope, definition and objectives, the policy framework and the role of governments, and the provisions concerning implementation of policies for the promotion of cooperatives and international cooperation.

Eritrea

The Government considers that the proposed Recommendation is the right way to realize decent work for workers everywhere. Once adopted as a Recommendation and used as a guide to the member States, the goal of decent work can be achieved. As regards amendments or comments, we consider that the proposed text is a satisfactory basis for discussion by the Conference at its 90th Session.

Ethiopia

The proposed Recommendation is useful and has been formulated on the basis of the global level of development in the twenty-first century. The Government of the Federal Democratic Republic of Ethiopia has already promulgated the Cooperatives Proclamation (No. 147/1998) which, among other things, allows cooperatives to operate freely.

Finland

The Government considers the proposed Office text to be a satisfactory basis for the second discussion by the Conference with a view to the adoption of a Recommendation. The Government's reply has also been accepted by the Finnish Tripartite ILO Committee.

The objective to keep in mind is to ensure that in practice cooperatives enjoy equal opportunities with regard to such things as invitations to tender, access to enterprise development services, finance and advisory services.

It is very important that cooperatives should be seen not as tools for employment and social policy (so-called "social enterprises/cooperatives") but as enterprises which may further employment and social development aims. The basic assumption is that cooperatives should be treated on an equal footing with other forms of undertakings.

Confederation of Finnish Cooperatives. The Office text of the proposed Recommendation is a satisfactory basis for discussion at the 90th Session of the International Labour Conference.

From the point of view of the cooperative movement in Finland, a priority issue is access to consultancy, enterprise development and financial services. Viable cooperatives also meet social policy and employment criteria.

FRANCE

Movement of French Enterprises (MEDEF). The text proposed by the Office appears acceptable on the whole, in so far as it generally reflects the spirit of the discussions and exchanges of views held on this subject.

However, it is essential that the instrument emphasize the different approaches that should be taken depending on whether cooperatives are being promoted in developing or developed countries.

During the many discussions that took place, in particular in tripartite sittings, a clear divergence emerged between representatives of developed countries and those of developing countries, among both employers' and government delegates.

While delegates from countries such as France, the United Kingdom and the United States, as well as some northern European countries, insisted that cooperatives should not be promoted to the detriment of other private-sector enterprises, in particular through special assistance, advantages or privileges likely to give rise to a form of unfair competition, delegates from developing countries such as Egypt, India and many African countries stressed that the extension of cooperatives was crucial to economic and social development, as well as to boosting employment.

They therefore called for special assistance to be provided by local governments, as well as special advantages, such as tax benefits and access to credit.

While delegates from developed countries understood this approach, they did not share it, maintaining that cooperatives and private enterprises should be treated on the same footing. In support of their views they cited examples of flourishing enterprises in the cooperative sector that had not needed special advantages.

Amendments should be made to the proposed Recommendation to reflect this difference in approach between developing and developed countries.

General Confederation of Labour – Force Ouvrière (CGT-FO). The Confederation would like an opportunity to see the proposed text as amended on the basis of the views expressed by the social partners, but has no other observations to make at this stage.

National Association of Cooperative Federations (GNC). The Association considers that the proposed Recommendation seeks to rectify the distortions of competition and the disadvantages which cooperatives have to face because of their structure.

India

In India, cooperatives have a long history going back to before Independence. After Independence, the development of cooperatives was a key element of economic development strategy. The Government's present approach is to phase out its shareholdings in cooperatives and minimize its regulatory activities. In India, cooperatives play an important role in agricultural credit, fertilizer supply and sugar production. The country is in the process of developing a new national policy for cooperatives. The proposed Recommendation covers almost all aspects of cooperatives and appears to be adequate. Some specific changes have been suggested and the Government of India is hopeful that these suggestions will be taken into consideration.

Italy

National League of Cooperatives and Mutual Associations (LEGACOOP); Confederation of Italian Cooperatives (CONFCOOPERATIVE); General Alliance of Italian Cooperatives (AGCI). The proposed Recommendation agreed at the 89th Session of the International Labour Conference in Geneva on 20 June 2001 represents a significant advance over the preparatory versions, although it is clearly the result of a compromise in which the employers' and workers' organizations have played a predominant role in defining the text.

It thus seems worth reiterating some of the general considerations previously expressed.

The ILO document confines itself to asserting the principle of non-discrimination against cooperatives with respect to the conditions offered by States to other private enterprises.

That cooperative enterprises should have the same opportunities as other kinds of enterprise is an inalienable principle, which should not be made subject to the special nature of the cooperative model and the functions that cooperatives are called on to perform. If cooperatives are regarded as a more effective instrument than others in boosting employment, and in organizing the use of various sectors of trade and the welfare state, it should not simply be a matter of providing for non-discriminatory measures compared with other types of enterprises, but of providing and seeking "dedicated" legal regimes. In that respect, policies should promote cooperatives dedicated to improving the conditions of disadvantaged groups.

More emphasis should be given to the role of employers' organizations in the promotion of cooperatives.

There is no doubt that both employers' and workers' organizations can play a positive role in this respect, especially in connection with sectors of the economy where the cooperative presence can be a guarantee of economic pluralism and improving market conditions.

However, there is a risk that entrusting the representation of cooperatives to employers' organizations might lead to cooperative organizations being equated with ordinary enterprises and this should be avoided. Cooperative societies are enterprises which adhere throughout the world to common values very different from those which mark out capitalist enterprises.

If it is the right decision to give employers' organizations responsibility for supporting cooperatives, it is even more appropriate to strengthen the mechanisms for the promotion of cooperatives and thus the value of their role.

Japan

Recognizing that general cooperatives have been facing a variety of unprecedented pressures, problems and opportunities arising from globalization, the Japanese Government supports the ILO's initiative to revise Recommendation No. 127 in the light of current trends.

Since the proposed Recommendation is aimed at cooperatives, which are not a constituent of the ILO, all parties concerned should bear in mind that the contents of the new instrument should stay within the ILO's mandate.

In adopting the instrument at the next session of the Conference, attention should be given to ensuring that it is in conformity with the objectives of the ILO's activities, and at the same time flexible enough to be applied by member States at different levels of social and economic development.

Japanese Federation of Employers' Associations (NIKKEIREN). The Recommendation to be adopted by the International Labour Conference in 2002 should promote the autonomous and independent development of cooperatives. The instrument should therefore have sufficient universality and flexibility to be applied to all types of cooperatives in all countries which operate in different circumstances, and it should focus on improving the economic environment so as to allow the development of cooperatives.

Japanese Trade Union Confederation (JTUC-RENGO). The Confederation strongly supports the Preamble of the Recommendation, since the revision of the Recommendation corresponds to the ILO's Decent Work Agenda. Cooperatives can contribute to decent work by empowering workers, creating employment and providing the establishment of basic social services. This Preamble is based on these ideas.

Kuwait

The proposed Recommendation encourages the promotion and strengthening of the cooperative identity through internationally recognized cooperative values and principles. The formulation of the Recommendation is appropriate for an international labour standard on cooperatives.

The Recommendation should refer to cooperative education and training. Reference should also be made to the possible use of modern technology and to the provision of the most recent technical and commercial information and statistics.

Mauritius

The text of the proposed Recommendation constitutes a satisfactory basis for a second discussion by the Conference at its 90th Session in June 2002.

Mexico

In general, the proposed Recommendation is consistent with national legislation, especially the General Cooperative Societies Act. The next session of the Conference

in 2002 must establish operational methods and models to ensure that these enterprises operate under the guidelines to be established by the International Labour Conference.

Morocco

In the context of openness and liberalization, cooperatives are, as enterprises with collective ownership, invited to exercise fully their role in economic and social development. The recommendations presented in the proposed Office text accordingly aim to establish a favourable environment for the promotion of cooperatives.

New Zealand

New Zealand supports the adoption of a new ILO instrument concerning cooperatives. The status of a revised Recommendation is appropriate for this instrument.

The purpose of a revised Recommendation in this area should be to provide assistance to member countries in determining how best to structure regulatory and policy frameworks to provide for and promote cooperatives, where they are a valuable structure for enterprise.

In order to be relevant and meaningful to all of the ILO's constituents, a revised Recommendation should be based on the following principles: it should be practicable, with core principles that can be universally accepted; it should focus on outcomes or results, so that countries can achieve the underlying principles even if the means to do so differ according to national policy and practice; and it should have a broad application.

New Zealand notes that the content of the proposed Recommendation is largely similar to that of the proposed Conclusions discussed at the 89th Session in June 2001. In general, New Zealand supports the text of the proposed Recommendation.

Business New Zealand (BNZ). BNZ is pleased to note that the new ILO instrument concerning cooperatives will take the form of a Recommendation, since this is a suitable way of providing appropriate, non-prescriptive guidance to countries seeking to promote cooperative arrangements.

Nigeria

The Nigerian Government, representatives of the cooperative movement and the Employers' Association agree that the proposed text is a satisfactory basis for discussion by the Conference at its 90th Session.

Norway

According to the proposed text the authorities should contribute to the promotion of cooperatives in a broad range of areas of life. On the other hand the wording chosen appears to allow fairly broad scope for interpretation when it comes to establishing the extent of the "obligations".

The wording also appears to give the authorities much latitude as regards choice of policy instruments, including whether to employ legislation or instruments of a non-judicial nature. There is thus "conformity" between the Recommendation and Norwegian law.

The Government considers that flexibility and latitude are important if the forthcoming Recommendation is to be a useful tool for developing cooperatives in all countries, under differing economic systems and levels of development, and not least in relation to the different legal settings that regulate cooperatives in individual countries.

Confederation of Norwegian Business and Industry (NHO). A stronger focus is needed on the cooperative's distinctive character. Given the ILO's argument for preparing a new instrument for the promotion of cooperatives, the cooperative's distinctive character as a member-owned, member-operated and member-controlled form of business organization should come more to the fore in the individual sections, not merely in the definitions section. In several points, for example in the Preamble and in Paragraph 8, there is a greater focus on workers' rights than on members' objectives, rights and responsibilities, unless "workers" refers only to worker cooperatives; in that case, however, the wording is too imprecise so long as the new instrument is presumed to cover all forms of cooperatives in all types of economies – in industrialized, developing and transitional economies.

The NHO emphasizes that it has no objection to workers' rights in cooperative undertakings, but that these rights are already regulated partly by other ILO instruments that apply to all forms of business organization, and partly by national employment legislation.

From the point of view of the Recommendation's guiding and informing function, it will scarcely promote cooperative development if the cooperative form of business organization is perceived to be more comprehensive and demanding than other forms of business organization.

Portugal

After weighing the merits of the proposed Recommendation and hearing from those social partners that submitted their views on this matter, the Government considers, without prejudice to the specific points addressed in response to the ILO's request, that the Office text reflecting the Conclusions of the Conference after the first discussion forms an adequate working basis for a second discussion.

Confederation of Portuguese Industry (CIP). The proposed Recommendation as worded by the ILO is not acceptable and does not provide a proper basis for any discussion of this subject by the Conference at its 90th Session.

General Confederation of Portuguese Workers (CGTP-IN). The Confederation agrees in general with the proposed Recommendation on the promotion of cooperatives as drafted by the Office on the basis of the Conclusions adopted by the Conference at its 89th Session.

The economic and social developments observed in the last few decades justify the promotion of cooperatives around the world, not just in developing countries.

States unquestionably have a very important role to play in promoting cooperatives, either by providing information or by furnishing technical or even financial support.

State support, particularly as regards financial assistance (in the form of lower interest rates, tax reductions or exemptions, or low-cost land transfers) should be strictly controlled either when allocated or subsequently when compliance is monitored.

Only those cooperatives that seek to satisfy the common economic, social and cultural needs and aspirations of their members should be promoted and supported by States.

Financial support should not be made available to cooperatives that seek to provide for wants or ambitions beyond what is considered "average" in the community.

General Union of Workers (UGT). The text as drafted is the outcome of wide-ranging debate at the previous session of the Conference and provides a good basis for work at the 90th Session in 2002, despite the fact that it suffers from an obvious lack of systematic organization. The substantive debate focused on what was meant by the term "cooperative". Some countries see the cooperative movement as merely one (albeit precarious) segment of the general economy, while others, including Portugal, consider that it is bound to play an important part in what is known as the "social economy". In accordance with the principles of the International Cooperative Alliance (ICA), the UGT favours the second interpretation. From the outset, the UGT has supported the proposed Recommendation as more practicable than a Convention at the moment.

Singapore

There are various provisions in the proposed Recommendation that require the Government to put in place measures to facilitate the myriad activities of cooperatives and integrate them into mainstream economic life. We feel that such measures should serve to enhance the role and effectiveness of cooperatives, while taking care that they do not lead to cooperatives competing unfairly with mainstream commercial entities. For instance, in Singapore, cooperatives are not allowed to compete with the mainstream banking sector. The rationale for this is that, in view of the role of cooperatives, they should confine their thrift and loan services to members only. In addition, to prevent possible abuse and to ensure that cooperatives discharge their roles effectively and continue to serve their purpose, they could be required to show that they serve the "public good" in return for continued favourable treatment vis-à-vis commercial companies. In this regard, we would like to propose that a caveat be included in the proposed Recommendation, to the effect that governments will support and facilitate the development of cooperatives in services and areas where cooperatives are able to play a significant role, but such assistance and special treatment should not compromise or undermine overall economic and social policies and regulations.

South Africa

Business South Africa (BSA). Cooperatives can and do play a significant role in allowing individuals to pursue their common objectives on a voluntary basis within a framework of a jointly owned enterprise. For this reason, BSA welcomes an ILO instrument in the form of a Recommendation that would promote cooperatives, but also believes that even though cooperatives require special attention, this should in no way detract from the need to create a level playing field for all enterprises. It is therefore vital that no special dispensation should apply to cooperatives to the detriment of other enterprises.

BSA trusts that the tendency during discussions in 2001 to concentrate on workers' rights and "decent work", rather than on the provision of a flexible framework for the promotion of cooperatives, will not prevail during the second discussion in 2002.

Sweden

The Swedish Tripartite ILO Committee finds that the proposed text agrees closely with the Conclusions adopted by the International Labour Conference in June 2001 and accordingly constitutes a satisfactory basis for discussion by the Conference at its 90th Session.

The Tripartite Committee notes with satisfaction that the Conference Committee on the Promotion of Cooperatives unanimously favoured the drafting of a new Recommendation to replace the Co-operatives (Developing Countries) Recommendation, 1966 (No. 127). An arrangement of this kind was advocated by the Tripartite Committee in its comments of 22 August 2000 before the first discussion.

At that time, the Tripartite Committee also emphasized, as the basic premise of the revised Recommendation, that cooperatives should not be favoured or disfavoured in relation to other enterprises, and that the new instrument should be neutral in respect of competition. The Committee stated that measures to promote cooperatives should help to ensure that they are treated in the same way as other forms of enterprise. Measures to promote cooperatives should therefore be parallel to, or part of, measures to promote other forms of enterprise, especially measures relating to services for small and medium-sized enterprises or regional and labour market policies. All measures relating to other forms of enterprise should also apply to cooperatives.

As regards the content of the proposed text, the Tripartite Committee finds that it could play a very useful part in promoting cooperative enterprise on the same terms as other forms of enterprise. This aim, however, should be stated more clearly, as indicated in comments on specific paragraphs.

Switzerland

The Government has the following comments to make in relation to Swiss company law:

Paragraphs 2, 3 and 10: The definition of a cooperative society should be left to national law. The adoption of a supranational definition could, indeed, undermine the internal coherence of company law. Company law is based on an important concept whereby the various forms of law are conceived to meet different needs. The definitions of different types of company reflect this idea.

As to members' economic participation, a cooperative society is not required to have a share capital.

With respect to oversight, cooperatives are required to submit a management report and accounts every year for audit by a control body. They are not subject to any other specific oversight measures.

Confederation of Swiss Employers (UPS). In a letter dated 13 July 2000 concerning Report V (1), the UPS said that it did not share the view that, in industrial countries, there was a need for new standards on the subject. That position has not changed, in particular with respect to Switzerland. However, it is understood that the ILO wishes to revise Recommendation No. 127, which dates from 1966.

In the letter, the UPS also expressed reservations concerning the formulation of an excessively detailed text, and stressed that the proposed instrument should not encourage state interventionism, nor lead to state regulation.

The proposed Recommendation is too prescriptive. It places too much emphasis on social policies and labour standards, whereas its objective should be the promotion of cooperatives as such, in terms of their effectiveness. The tendency to regard cooperatives as the solution to all social problems is also contrary to that objective. Finally, the encouragement of preferential treatment for cooperatives, especially in the marketplace, will not necessarily promote their productivity and competitiveness. The text should therefore be slimmed down at its second reading.

Syrian Arab Republic

The Government agrees with the proposed Recommendation, with regard to the basic guidelines it contains for cooperative activities and in the light of the Conclusions adopted by the Conference, since they are in conformity with the consumer cooperative system in force in the Syrian Arab Republic.

United Kingdom

The United Kingdom supports the adoption of an instrument on the promotion of cooperatives, provided that any resulting action and treatment of cooperatives is equivalent to that applied to other similar organizations structured on non-cooperative lines. The rights and obligations of cooperatives should, where appropriate, mirror those that apply to differently constituted organizations of comparative size carrying out similar (business) activities. To suspend legal obligations, impose special legal obligations or provide special advantages simply on the grounds of cooperative status might encourage the cooperative form as a way of avoiding a more appropriate mode of regulation and might remove from members and those doing business with the cooperative the relevant level of protection.

Subject to our comments above, the proposed text appears to provide a satisfactory basis for discussion by the Conference at its 90th Session.

Confederation of British Industry (CBI). When the report on the promotion of cooperatives was discussed at the 89th Session of the Conference in 2001, the Employers' group, whilst supporting a new Recommendation, sought to achieve four principal objectives: (1) that the Recommendation should be simple and non-bureaucratic in its language and intentions; (2) that it should avoid restating or widening workers' rights, and attempting to remedy social ills, and should instead provide a simple framework for the encouragement of cooperatives; (3) that there should be a "level playing field", on which cooperatives in the market-place seeking access to markets, finance and similar facilities should do so on the same terms as those available for other private enterprise organizations; and (4) that the language of the Recommendation should be unambiguous in its meaning as to the distinction between various parties, for example between workers employed by a cooperative and members of the cooperative.

In many ways the Employers' group did not achieve its objectives and, in so far as will be practicable, the CBI will support the group in seeking to return to those objectives at the Conference in 2002. In particular we shall seek: (1) simplification of the text and removal of cumbersome and irrelevant references. For example, the Preamble includes references to instruments that are completely unrelated to the promotion of cooperatives; (2) wording that reflects the "level playing field" principle, as we do not

feel that the text of the proposed Recommendation is satisfactory in this regard (for example, Paragraph 7(2) should include text along the lines of "on equal terms" rather than "on terms no less favourable"); (3) adjustment of the current wording concerning support facilities to activities of cooperatives that meet specific social and public policy outcomes, which could be construed to mean providing a "blank cheque" to governments seeking preferential treatment for cooperatives. Such support measures should also be extended to other private-sector organizations that meet the same social and policy outcomes. Any preferential treatment provided to cooperatives should be based not on the fact that they are cooperatives, but on the nature of the services they deliver. This is an extremely important point because the support measures listed, such as tax benefits, loans, grants, access to public works programmes and special procurement provisions, would, if not extended to all enterprises, amount to the negation of the "level playing field" principle; (4) inclusion of more positive references to the opportunities created by globalization. The proposed text unduly emphasizes the negative aspects; and (5) removal of the overemphasis on the social objectives of cooperatives. A cooperative should, first and foremost, respond to the needs of its members and to the fulfilment of its reason for existence. These should dictate its activities.

In conclusion, we would make the point that very many cooperatives are small and medium-sized organizations. Much of the text of the proposed Recommendation would impose burdens and responsibilities on them that are either irrelevant (for example management structures) or impossible to fulfil.

United States

While the text of the proposed Recommendation set out in Report IV (1) is, on the whole, a satisfactory and promising basis for discussion by the Conference at its 90th Session in June 2002, the United States Government offers comments and suggested amendments to the proposed text. These are offered to further the Conference's mission to craft an instrument that will serve as guidance in promoting cooperatives.

United States Council for International Business (USCIB). The adoption of the Co-operatives (Developing Countries) Recommendation, 1966 (No. 127), was based on the assumption that cooperatives needed to be protected through state intervention and control. In order to be sustainable and viable, all enterprises, including cooperatives, need a level playing field. The assumption that all cooperatives require state help, or are entitled to the same level of state help, is unfounded.

Most cooperatives are similar to small and medium-sized businesses which, in many countries, are engines of job creation and economic growth. Any future promotion of cooperatives Recommendation should be consistent with the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189). The USCIB is particularly concerned that undefined "decent work" and a workers' rights charter would unnecessarily weigh down fledgling, struggling cooperatives. Cooperatives are not a "cure all" for social problems; to try to make them so is counterproductive to the purpose of the proposed Recommendation – the promotion of cooperatives.

Unless otherwise commented on, the USCIB prefers the present form of the text to other alternatives suggested in specific Office requests for comments in Report IV (1).

American Federation of Labor and Congress of Industrial Organizations (AFL-CIO). Cooperatives, although not always recognized as such, are among the most enduring features of the United States landscape. Benjamin Franklin, in Pennsylvania,

helped form America's first successful cooperative, a mutual insurance company, in 1752. It is still operating today. About 100 years later, in California, the gold rush brought with it the health-care needs of the "forty-niners", who in 1851 created a cooperative, the French Mutual Benefit Society, to meet those needs. The Society, which has significantly changed since its beginning, continues to operate today, serving the needs of the French community in San Francisco.

In 1910, mill workers joined together to establish the Cloquet Cooperative Society in northern Minnesota, one of the earliest American cooperatives based on the Finnish model. Thirty years later, CARE, originally called the Cooperative for American Remittances to Europe, one of the largest private international relief and development organizations in the world, was created when 22 American organizations voluntarily joined together. For more than 50 years, this cooperative, focusing its approach at the family and community levels, has reached out to people whose lives are devastated by humanitarian emergencies or who are struggling in poor communities to survive and improve their lives. Founded in 1945 to assist in the aftermath of the Second World War by helping families devastated by the ravages of war, it distributed individual gifts from caring Americans who had a little money left in their pockets. In 1946, it rushed 20,000 lifesaving food parcels to the battered port of Le Havre in France. Since then, CARE has adapted to meet changing human needs, and CARE packages have reached tens of millions of people each year in more than 60 countries around the world.

These modest examples show that the environment for cooperative development worldwide has changed considerably since cooperatives were first established in the United States, before the Declaration of Independence was conceived. Cooperatives have also changed over time. With a rich tradition of versatility, they are well-positioned for the twenty-first century and should remain so, particularly with an updated international instrument as a guide for the independent and autonomous movement that unites like-minded people of good will.

The AFL-CIO's comments are offered in an attempt to return to the cooperative and collaborative spirit in which the Committee's work concluded during the 89th Session of the Conference in June 2001. Our recommendations serve to further the mission of the 90th Session, to create "an instrument that will serve as guidance in promoting cooperatives" and one crafted to make explicit their distinctive characteristics in relation to other forms of enterprises, in pursuit of the greater public good (for employment creation, community development and similar aims). This will permit cooperatives to transform themselves in accordance with the democratic will of their members, more effectively addressing a range of socio-economic ills, such as unemployment and social exclusion. The AFL-CIO is heartened to return to Geneva with representatives from the United States Chamber of Commerce and the Government to engage with other social partners from around the world in order, as the Director-General said in his Report to the 89th Session of the Conference, to help craft an instrument which will serve all those seeking a fair chance in life to prosper through their own endeavours. Cooperatives can play a key role in making this a reality.

International Cooperative Alliance (ICA)

ICA's input is based on a resolution, adopted unanimously at its general assembly in Seoul in October 2001, on "Cooperative policy and legislation", and subsequent specific commentaries from ICA members following a consultation process.

The ICA wishes to emphasize that, if the ILO Recommendation concerning the promotion of cooperatives is to be effective, it must focus on ensuring that enabling conditions exist to allow cooperatives to function and thrive, especially with regard to the role of the State. It must provide a long-term policy reference framework for ILO member States and therefore avoid time-bound language and concepts (for example, in Paragraph 4(a) "sustainable decent employment", and in Paragraph 8(2)(c) "corporate governance"). It must be global in nature and scope and have the flexibility to address the needs of all types of cooperative organizations.

In a number of areas attention is needed to improve clarity. In general terms, the Recommendation needs to use consistent and concise wording, and to be non-repetitive and more systematic. It should state separately and precisely its goals and the measures to implement these goals, and designate those who should take action; it should be complete (especially with regard to cooperative legislative issues) and be less sectoral in its approach. These issues are discussed in more detail in subsequent comments.

Another important area is that of definition. The ICA membership strongly urges the ILO to reconsider its definition of a cooperative. In our view, the internationally recognized definition of cooperatives as stated in the ICA "Statement on the Cooperative Identity" should also apply in the ILO instrument, as it will in the guidelines to be adopted by the United Nations General Assembly in December 2001. This would ensure consistency of definition between United Nations agencies and the representative body of the cooperative movement, and would assist governments in their understanding of cooperatives.

Our membership has also requested that not only should the ICA cooperative values and principles be listed, but that a reference to the "Statement on the Cooperative Identity" should in some way be included, so as to enable ILO member States to consult it for more detailed information on those principles and values. The Statement also sets out the very important ethical values to which cooperatives aspire and which are not currently reflected in the ILO Recommendation.

Overriding issues should be stated once to ensure consistency without repetition and in a more systematic way. For example, greater clarity is needed in Paragraph 6(c) and (d) ("including"); there is unnecessary repetition in Paragraph 4 (universality has already been stated); as regards Paragraphs 4(e), 7(3) and 8(b), non-discrimination is part of cooperative principles; Paragraphs 6(b) and 7(2) use the phrase "no less favourable", wording is unsystematic in Paragraphs 6(a), 8(2)(b) and 10(1), all concerning cooperative legislation; there are inconsistencies of wording, for example, Paragraph 3(a) refers to "cooperative values", Paragraph 4(b) to "values of the cooperative movement"; Paragraph 11(1) refers to "support services", Paragraph 16(b) to "technical support services".

The other overriding issues that need to be stated clearly and consistently include: the universality of the Recommendation, in terms of its applicability to all sectors of cooperative activity and all countries; the principle of equal treatment and non-discrimination of cooperatives, to which equal treatment and non-discrimination of cooperative members should be added; and the general goals of the Recommendation, as currently stated in Paragraph 7(1). Such an approach would also have the advantage of creating the space to be more precise in explaining these issues, for example, non-discrimination/equal treatment, especially as far as taxation, competition and labour legislation are concerned. Emphasis should be put on the type of activity, rather than the form, of cooperatives in order to prevent false cooperatives from benefiting.

Apart from difficult wording (in Paragraph 8(1)(c) and (h) policies do not "develop" or "promote"), there is confusion between goals/policies and instruments. Paragraph 11(1), (2) and (3) does not specify implementation measures, as the title of Part III indicates. Paragraph 6 concerns legislation as a measure, as do Paragraphs 8(1)(b) and 10(1) but their wording differs.

As already mentioned, the Recommendation should clearly designate those responsible for taking action. Instead of being required to "assist" (Paragraph 4), it is the duty of cooperatives as such to improve the economic and social well-being of their members. Paragraph 7(1) refers to the "objective of national and international ... development", but does not specify who should be responsible. In Paragraph 8(1), States are responsible. In Paragraphs 12 and 13, action should be taken by whom? In Paragraph 14, it is the employers' organizations who are responsible for action.

The ICA also believes that the Recommendation would be strengthened with the following amendments:

– A more detailed section on cooperative legislation. Cooperative legislation, although not in itself sufficient, is necessary to implement cooperative policy. For example, elements of the existing ILO Recommendation No. 127 (Paragraphs 10 and 12) might replace Paragraphs 6, 8(2)(b) and 10(1) or, as many ICA members have suggested, a list of issues should be included on elements in a cooperative law to reflect the distinct nature of cooperatives. As a minimum, something must be said on members' rights and obligations, since members are at the centre of cooperatives.

– An explanation is needed for the word "promotion", which is used throughout the proposed text. It should be explained in relation to cooperative autonomy. Among others it must be commensurate with the potential capabilities of cooperatives (cf. second ICA basic principle in its position paper of June 2001).

– Measures aimed at strengthening the autonomy of the cooperative movement through the creation of vertical structures could also be included (for example, in Paragraph 11(3), this is above all an issue of cooperatives). In Paragraph 16(e), the vertical structures should also represent the cooperatives at national level.

Finally, while the ICA fully understands that the ILO should promote labour standards through all its instruments, this instrument on cooperatives should focus on cooperatives, since the ILO has a special mandate to promote them, and an exclusive mandate, as far as international organizations are concerned, to deal with legislation on all types of cooperatives.

Office commentary

The vast majority of replies generally favour the text of the proposed Recommendation as a satisfactory basis for discussion during the 90th Session of the International Labour Conference. However, a number of replies, mainly from employers' organizations, but also from some governments and cooperative organizations, highlight the importance of maintaining equal treatment for cooperatives and other types of enterprises. A number of replies stress the importance of establishing a flexible instrument which can take account of the conditions prevailing in countries at different stages of economic development. Some replies emphasize the need to protect the autonomy and independence of cooperatives, while others suggest that the text overstates workers' rights issues. Some replies call for more precise language, including a clearer understanding of what is meant by cooperative "members" and "employees".

Observations on the proposed Recommendation concerning the promotion of cooperatives[3]

The General Conference of the International Labour Organization,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its 90th Session on June 2002, and

Recognizing that globalization has created new and different pressures, problems and opportunities for cooperatives,

Noting the Declaration on Fundamental Principles and Rights at Work, adopted by the International Labour Conference at its 87th Session (1998),

Noting the rights and principles embodied in international labour Conventions and Recommendations, in particular the Freedom of Association and Protection of the Right to Organise Convention, 1948; the Right to Organise and Collective Bargaining Convention, 1949; the Social Security (Minimum Standards) Convention, 1952; the Discrimination (Employment and Occupation) Convention, 1958; the Employment Policy Convention, 1964; the Rural Workers' Organisations Convention, 1975, and its Recommendation; the Human Resources Development Convention, 1975, and its Recommendation; the Employment Policy (Supplementary Provisions) Recommendation, 1984; and the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998,

Recalling the principle embodied in the Declaration of Philadelphia that "labour is not a commodity",

Stressing that the realization of decent work for workers everywhere is a primary objective of the ILO,

Having decided upon the adoption of certain proposals with regard to the promotion of cooperatives, which is the fourth item on the agenda of the session, and

Having determined that these proposals shall take the form of a Recommendation;

adopts this day of June of the year two thousand and two the following Recommendation, which may be cited as the Promotion of Cooperatives Recommendation, 2002:

Observations on the Preamble

Argentina. UIA. Firstly, in the fifth paragraph of the Preamble, the expression: "Noting the rights and principles embodied in" should be replaced by "Noting the provisions of".

This amendment is suggested to avoid confusion and ambiguities as to what the principles embodied in international legislation might be. No one, however, could be unclear as to what were its "provisions". Moreover, this wording is the normal practice in ILO instruments.

In general terms, the Preamble is too cumbersome, since it refers to ILO instruments that have no direct relevance to the subject of cooperatives. This gives too much emphasis to workers' rights and labour standards, without a clear distinction between the status of member and employee of a cooperative. Consequently, the new Recommendation should concentrate more on providing a favourable environment for the development of cooperatives. It would be much more useful if the Preamble referred only to the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189), and the Human Resources Development Convention, 1975 (No. 142).

[3] The observations are preceded by the relevant texts as given in the proposed Recommendation set out in Report IV (1).

There is excessive emphasis on the presumed negative effects of globalization on cooperatives. The words "pressures, problems" should be deleted. It is more appropriate to discuss globalization in terms of the opportunities offered by the global free market economy and global free trade. Cooperatives must take advantage of the opportunities offered by the new climate to develop the internal capacities necessary to make them competitive in the context of trade liberalization.

The expression "labour is not a commodity", in the sixth paragraph is not relevant to the promotion of cooperatives.

The UIA does not consider it appropriate to include in the Preamble the sentence "the realization of decent work for workers everywhere is a primary objective of the ILO", since the concept of decent work is still undefined and the objective is to produce a Recommendation that will last. The UIA also notes that, in the seventh preambular paragraph, the Office has replaced the word "recalling" by "stressing" (cf. Point 3(4) of the Conclusions). This is an important shift of meaning, which is not justified.

Australia. The inclusion of references to various Conventions and Recommendations may colour the interpretation of the proposed Recommendation in a manner that might undermine its overall objective (namely, the promotion of cooperatives).

Brazil. National Confederation of Industry (CNI). Replace "Noting the rights and principles embodied in" by "Noting the provisions contained in".

The Preamble refers to ILO instruments that do not relate to the promotion of cooperatives, and therefore the list of instruments should be revised. In our view, it would suffice to cite the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189), and the Human Resources Development Convention, 1975 (No. 142), and its Recommendation (No. 150).

There is excessive emphasis on the negative consequences of globalization for cooperatives. The words "pressures, problems" should be deleted. Globalization needs to be looked at from the standpoint of the opportunities afforded by a free market economy and free trade.

Replacement of the word "recalling" by "stressing" is unacceptable.

Canada. CEC. Overall, the Preamble is too cumbersome as it makes references to ILO instruments which have absolutely nothing to do with the promotion of cooperatives. If these references remain, they will detract from the utility of the Recommendation.

In the Preamble and throughout the proposed Recommendation, there is an overemphasis on the issues of workers' rights and labour standards. In some instances, the references do not draw a clear distinction between the status of a member and an employee of a cooperative. The latter is covered more than adequately in other ILO instruments.

The protectionist theme pursued by workers, which is evident in the Preamble and elsewhere, whether in connection with global trade or generally in respect of other forms of enterprise, is not acceptable to Canadian employers.

The phrase "labour is not a commodity" has no relevance whatsoever to the promotion of cooperatives and should be deleted.

Employers would have no difficulties if, in setting the context of the Recommendation in the Preamble, reference were made only to the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189), and the Human Resources Development Convention, 1975 (No. 142), and its Recommendation (No. 150).

The Office has, without justification, replaced the phrase "recalling that" with "stressing that" in the Preamble as a lead-in to the phrase "the realization of decent work for workers everywhere is a primary objective of the ILO". Instead of being thus further emphasized, the phrase should be deleted altogether. The concept of decent work remains undefined, and is incapable of definition in any practical, enduring way. In a number of years, decent work may not be the primary objective of the ILO.

Colombia. National Association of Industrialists (ANDI). Certain aspects of the Preamble need to be clarified:
(a) One paragraph reads "Recognizing that globalization has created new and different pressures, problems and opportunities for cooperatives". The reference to "pressures, problems" should be deleted, since globalization should be discussed in the context of the opportunities offered by the free market economy and global trade. In this sense, cooperatives should take advantage of the opportunities offered by the new climate to develop the internal capacities necessary to allow them to compete within the new scenario of trade liberalization.
(b) The Preamble refers to the ILO Declaration on Fundamental Principles and Rights at Work, adopted at the 87th Session of the International Labour Conference. It also refers to "the rights and principles embodied in international labour Conventions". This phrase should not be included. Instead, the usual ILO formulation should be adopted: "Noting the provisions embodied in international labour Conventions and Recommendations".
(c) The Preamble lays too much emphasis on instruments that are not relevant to the promotion of cooperatives. It emphasizes workers' rights and labour standards, without making a clear distinction between the status of members and employees of a cooperative. The new Recommendation should concentrate more on providing a favourable environment for the development of cooperatives, and the Preamble need refer only to the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189), and the Human Resources Development Convention, 1975 (No. 142).
(d) It is similarly inappropriate to include in the Preamble the expression "Recalling the principle embodied in the Declaration of Philadelphia that 'labour is not a commodity'".
(e) Taking into account the Conclusions adopted at the meetings on this subject, the term "stressing" in the seventh preambular paragraph should be replaced by the word "recalling". In addition, also in line with the Conclusions and envisaging that the Recommendation will be a long-lasting one, it is suggested that the expression "the realization of decent work for workers everywhere is a primary objective of the ILO" should be deleted, since it is not known with any certainty when this concept might be modified and cease to be a primary objective of the ILO.

El Salvador. The significant feature of the Preamble is that it does not refer to any Recommendation on cooperatives but to the globalization of the economy, which has created "new and different pressures, problems and opportunities for cooperatives", while also noting the Declaration on Fundamental Principles and Rights at Work, adopted by the Conference at its 87th Session (1998).

This atypical aspect gives the Preamble a completely positive character, since it takes account of the magnitude of the legal, political, social and economic consequences of globalization.

Finland. The proposed Preamble is relevant.

Japan. NIKKEIREN. The references in the Preamble to workers' rights and labour standards should be minimized, as this does not correlate with the promotion of cooperatives, which is the goal of the instrument. The reference to the Declaration of Philadelphia should be deleted for the same reason. As the concept of "decent work" is still undefined, the reference to decent work should also be deleted.

Kuwait. It is not necessary to refer in the Preamble to the instruments mentioned, since cooperatives are an integral part of the state system and not regarded as isolated entities. Hence, rules and regulations applicable to cooperatives should be the same as for other sectors, in terms of freedom of association, non-discrimination in employment, employment policy, human resources development and other areas. It is not necessary to refer in the Preamble to the pressures and opportunities created by globalization, as this would be an unjustified intrusion.

Lebanon. The reference to the Declaration on Fundamental Principles and Rights at Work, as well as to the rights and principles embodied in the Conventions and Recommendations mentioned in the Preamble, should not mean that the provisions of these instruments must be applied, whether or not they are ratified.

The provisions of the Preamble are intended only as a reminder of the principles of the Declaration and the Conventions and Recommendations relevant to the proposed new instrument.

With regard to the reference to the rights and principles contained in the international labour Conventions and Recommendations mentioned in the Preamble, those "rights and principles" rely on the Declaration on Fundamental Principles and Rights at Work. The proposed Recommendation is the first instrument to refer to those principles and rights; in the past, it was considered sufficient to mention only the titles of Conventions and Recommendations directly related to the new instrument, or to draw attention to their provisions.

It is unclear whether the respect for the principles and rights embodied in the Declaration applies consequently to other international labour Conventions; in other words, whether the reference in the Preamble to the rights and principles embodied in Conventions other than the fundamental Conventions will mean that those rights and principles should be respected, whether or not the Conventions are ratified, as is the case for fundamental instruments.

Mexico. It is noted that the reference to the ILO Declaration precedes the references to Conventions and Recommendations. While the Declaration is of the utmost importance in the ILO context, it should be remembered that it is a promotional instrument, for which reason it should appear after the paragraph listing the Conventions, since those are binding. In addition, the Office text states that the instruments listed in the Preamble are presented in chronological order, and some of the international instruments mentioned were adopted before the Declaration.

New Zealand. New Zealand agrees that a new ILO instrument concerning cooperatives should be adopted and that a revised Recommendation is the appropriate form for such an instrument.

Norway. NHO. The ILO has prepared, and is in the process of revising, an instrument concerning the promotion of cooperatives, whereas there is no equivalent ILO instrument for limited companies, general partnerships or associations. It is assumed

that ILO Conventions and Recommendations concerning, for example, workers' rights and the "right to decent employment", and statements to the effect that (for example) "employment is not a commodity", apply to all forms of business organizations, including cooperatives, and that there is consequently no need for any specific reference of that kind in the context of cooperatives.

Portugal. The Government agrees with the list of instruments included in the Preamble, since those which relate to the fundamental principles must, by definition, also concern cooperatives, and the others are major means of action to promote sustainability. It also agrees with the way the ILO has put them in chronological order.

CIP. The Preamble refers to several Conventions that have nothing to do with the promotion of cooperatives, particularly the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), and the Social Security (Minimum Standards) Convention, 1952 (No. 102). These references are unnecessary and inappropriate. The Preamble should mention only those ILO instruments which bear a direct relationship to the matter under consideration, for instance, the Human Resources Development Recommendation, 1975 (No. 150).

South Africa. BSA. In the third paragraph, the words "pressures, problems and" should be deleted. The Recommendation would consequently refer only to the opportunities provided by cooperatives.

In the fifth paragraph, the words "rights and principles" should, in accordance with normal ILO usage, be replaced with the word "provisions"; and in order not to detract from the promotional aspect of cooperatives, the references to other ILO instruments should be limited to those with a direct bearing on the promotion of cooperatives, namely the Human Resources Development Convention, 1975 (No. 142), and its Recommendation (No. 150) and the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189).

The sixth paragraph should be deleted, since it likewise detracts from the purpose of the new Recommendation, namely the promotion of cooperatives.

As regards the seventh paragraph, given the uncertainty regarding the definition of "decent work" and the fact that this paragraph does not positively contribute to the promotion of cooperatives, it should be deleted.

Sweden. The Tripartite ILO Committee is in favour of the wording proposed by the International Labour Office for the Preamble.

Switzerland. UPS. Third paragraph ("Recognizing that globalization ..."): excessive emphasis is placed here on the negative impact of globalization on cooperatives. Globalization should be examined in the context of the opportunities offered to cooperatives by the free market and liberalization of international trade. The words "pressures" and "problems" should therefore be deleted.

Fifth paragraph ("Noting the rights and principles embodied in ..."): the terms "rights and principles" should be replaced by the term "provisions of", in order to avoid any ambiguity. In addition, this paragraph is too cumbersome and refers to ILO instruments that have nothing to do with the promotion of cooperatives. The only reference here should be to the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189), and the Human Resources Development Convention, 1975 (No. 142).

The sixth paragraph ("Recalling the principle ... that labour is not a commodity") has nothing to do with the promotion of cooperatives and should be deleted.

The seventh paragraph ("Stressing that the realization of decent work ...") should be deleted. The concept of "decent work" is still not well defined and therefore can have no place in an instrument if it is to be long lasting. Moreover, in the light of the foregoing, replacing the word "recalling" by "stressing" is even less acceptable.

United States. Bearing in mind the objective – to draft an instrument that will serve as a guidance to governments, employers, workers, and members of cooperatives in the promotion of cooperatives – the United States would suggest streamlining the text of the Preamble by deleting the list of references to general principles and other ILO instruments that apply to all workplaces and have no specific relevance to cooperatives. The inclusion of such lists of references unnecessarily clutters and overloads the instrument. It is likely that the Committee will spend more time debating whether or not other instruments should be added to the list. Questions could also arise as to the significance of not mentioning certain standards. To illustrate this, the list in the Preamble as drafted includes a reference to the Declaration on Fundamental Principles and Rights at Work, but then refers specifically to only two of the eight Conventions subsumed in the Declaration; the omission of the other six instruments could imply that they are less significant. Further, the reference to general Conventions here would not set a useful precedent for standard setting. Questions could arise as to whether future standards should contain such lists, and valuable time and resources would be spent trying to reach a consensus as to the proper composition of the lists.

We should bring the focus of the Committee back to our objective, which is: to draft an instrument that provides guidelines for promoting cooperatives. The references to the Human Resources Development Convention, 1975 (No. 142) and its Recommendation (No. 150); the Employment Policy (Supplementary Provisions) Recommendation, 1984 (No. 169); and the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189), seem appropriate, given the role which the promotion of cooperatives is expected to play with respect to job creation. We should suggest that the Co-operatives (Developing Countries) Recommendation, 1966 (No. 127), also be mentioned so that its new status would be clear.

USCIB. The fourth substantive preambular paragraph misuses language applicable to the Declaration on Fundamental Principles and Rights at Work and uses those words in the context of Conventions referred to in the Preamble. The phrase "Noting the rights and principles embodied in international labour Conventions and Recommendations ..." departs from the usual formulation found, for example, in Convention No. 122, which uses the phrasing "Noting the terms of existing Conventions and Recommendations", or in Convention No. 105, which refers directly to the applicable Convention, to wit, "Having noted that the ... Convention". Conventions and Recommendations contain substantive provisions, while the 1998 Declaration refers to principles and rights that constitute the policy objectives which all ILO members in good faith seek to realize by virtue of their membership of the ILO. Conventions are internationally binding instruments that have no force and effect until they are ratified.

Furthermore, most of the Conventions cited in this paragraph have little bearing on the promotion of cooperatives and, in effect, create a charter of worker rights even before the cooperative has enabled enterprises and productive work. This paragraph

should refer only to the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189), and the Human Resources Development Convention, 1975 (No. 142), and its Recommendation (No. 150).

The fifth paragraph should be deleted since the statement that "labour is not a commodity" appears to have no particular purpose or relevance to the promotion of cooperatives.

In the sixth paragraph, the general admonition to realize "decent work" is undefined, has no meaning in the context of the proposed Recommendation, and it should be deleted. Furthermore, the unilateral substitution by the Office of the word "stressing" for "recalling" substantively changes the emphasis that the Conference Committee placed on this provision. If the entire provision is not deleted, the word "recalling" should be restored.

AFL-CIO. Suggests including a reference to the Co-operatives (Developing Countries) Recommendation, 1966 (No. 127).

Office commentary

The majority of replies from employers' organizations and some governments consider the text of the Preamble to be inappropriate in a number of respects: the negative dimensions of globalization are mentioned unnecessarily; the phrase "Noting the rights and principles embodied in international labour Conventions and Recommendations ..." should be replaced with "Noting the provisions of"; the list of international labour standards is cumbersome and should be limited to the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189), and the Human Resources Development Convention, 1975 (No. 142); and the references to the Declaration of Philadelphia and "decent work for workers everywhere" should be removed. Recalling the debate at the 89th Session of the International Labour Conference on these issues, the Office suggests that the final text of the Preamble should be determined by the Committee at the 90th Session and should not be amended at this stage. However, the Office has decided to adopt the proposed linguistic change to replace the word "stressing" with "recalling" in the paragraph referring to decent work, in line with the Conclusions adopted at the 89th Session.

The Preamble as amended appears as the Preamble of the proposed Recommendation.

I. Scope, definition and objectives

General observations on Part I

Canada. CEC. The proposed language in Part I is both flowery and value-laden, which unfortunately renders it imprecise. Terms and phrases such as "fair", "strengthening of the identity" and "inspired by solidarity" detract from the job of properly delineating and defining the ILO's objectives in crafting the proposed Recommendation

Mexico. Include a Paragraph stating that improving productivity and competitiveness in cooperative enterprises requires the development of a culture of technology in industrial processes.

Philippines. With regard to the scope, definition and objectives, the proposal recognizes the potential of cooperatives for creating and developing income-generating activities, providing sustainable decent employment to members of cooperatives, developing human resource capacities, facilitating access to markets and financial institutions and, finally, the need to include the needs of disadvantaged groups in order to achieve their social inclusion. These concerns are in complete harmony with the present thrust of the current administration and should be taken as a welcome development towards strengthening its programme advocacies. The Philippine Government might endorse the inclusion of specific disadvantaged groups as the instrument's target beneficiaries, but some equally deserving groups might be left out. There should therefore be a general reference to disadvantaged sectors, but no special mention of women as a group. If there is a need to enumerate specific groups, then these should include persons with disabilities and young people, as they are regarded as belonging to the disadvantaged sectors. The Philippine Government in general endorses the adoption of the Recommendation.

1. This Recommendation applies to all types and forms of cooperatives.

Observations on Paragraph 1

Japan. The words "all types and forms of cooperatives" should be replaced by the words "all formal types and forms of cooperatives". The target beneficiaries of government measures, including legislative measures, are formally registered cooperatives only.

NIKKEIREN. The cooperatives covered by the Recommendation should be all formal types and forms of cooperatives, established in accordance with national laws and regulations of member countries.

JTUC-RENGO. The word "formal" is not necessary. "Formal" types of cooperatives would mean existing established forms of cooperatives. The history of cooperatives shows that the different groupings of people for the same purposes were first created, and then developed into different types of cooperatives. Social cooperatives in Europe, community cooperatives, work cooperatives and aged people cooperatives in Japan are such examples of development. The wording "all types" is therefore appropriate, not "all formal types".

Kuwait. No objection to applying the instrument to "all types" of cooperatives.

Lebanon. Add a sentence to the effect that "certain types and forms of cooperatives may be excluded from the scope of all or part of the legislative provisions giving effect to this Recommendation, for essential reasons determined by the competent authorities in each State".

New Zealand. New Zealand believes that the provisions should cover all cooperatives and supports the proposed text.

Poland. National Cooperative Council (NCC). The NCC suggests adding that the Recommendation applies to all sectors in which cooperatives are active.

Portugal. The Government agrees that the Recommendation should apply to "all types and forms of cooperatives".

CIP. Members should be allowed to introduce exceptions to the implementation of the Recommendation, in particular exempting particular branches of economic activity.

Office commentary

While taking note of the replies received, the Office takes the view that not enough support for the proposed changes has been demonstrated and therefore has decided to retain the current text.

The Paragraph without amendments appears as Paragraph 1 of the proposed Recommendation.

2. For the purposes of this Recommendation, the term "cooperative" means an autonomous association of persons who voluntarily join together to meet their economic, social and cultural needs and aspirations through the formation of a jointly owned enterprise, making equitable contributions to the capital required, accepting a fair share of the risks and benefits, and participating actively in its democratic management.

Observations on Paragraph 2

Argentina. There continue to be disagreements concerning, among other things, the definition of cooperative in Paragraph 2, and in particular as to whether the objectives of a cooperative should be economic, social and/or cultural: the Office assumes that the word "and" includes the sense of "or", and that there is therefore no need to replace "and" by "and/or" in the sentence. Nevertheless, it is not clear whether an association of persons which has only cultural objectives can still be defined as a cooperative within the meaning of the Recommendation.

Australia. The definition refers to "economic, social *and* cultural needs"; the Office did not believe it was necessary to include "or". This part of the definition is possibly too limited, as it does not cover cooperatives formed to meet "*only*" social needs or *only* cultural needs. The best alternative would be to adopt the following wording: "economic, social or cultural needs, or a combination of same" (or "one or more of ...").

The Office invited comments as to whether "democratic control" should replace "democratic management". Although "democratic control" suits current rhetoric, "democratic management" encapsulates a broader concept and should therefore be adopted.

Austria. Given the difficulty of finding a definition that takes into account all economic sectors and differences between countries, the emphasis should be on the economic aspect of cooperatives. The "and/or" formula should replace "and" in "social and cultural needs", since in German, "*oder*" (or) is in no way included in the meaning of "*und*" (and). Alternatively, it would be possible to use "or" alone, since that does not exclude "and". The wording would then be as follows: "... to meet their economic, social or cultural needs and aspirations through the formation of a jointly owned enterprise ...".

The social aspect of a cooperative is still valid today. However, the differing forms of liability (in Austria, there are limited liability cooperatives, cooperatives with unlimited liability or those where members are liable to pay additional contributions) show that profitability is an important consideration in such cooperatives. The cooperative movement, as it exists in Europe, makes a significant contribution to the welfare and prosperity of the small business sector and thus of the economy as a whole. Cooperatives in Austria, for example, are economically successful businesses which provide their members with competitive advantages through efficient organization and strong performance.

The expression "democratic control" would be preferable to "democratic management" for the reasons given in the report.

ÖGV. The economic aspect of Paragraph 2 should be strengthened, and could be complemented by replacing "and" in "social and cultural needs" to "and/or".

Federal Chamber of Labour (BAK). The term "democratic management" should be replaced by "democratic control" for the reasons suggested in Report IV (1).

Barbados. The term "participating actively in its democratic management" may convey the impression that the members of the enterprise should be involved in its day-to-day management. To avoid any such misconception, the term should be changed to "democratic control".

Benin. Because of the specific ownership structure of cooperatives (collective member ownership), it is essential that both the terms "democratic management" and "democratic control" be included in the definition of the term "cooperative". "Democratic management" is a requirement of a cooperative. As co-owners, cooperative members have the right to exercise "democratic control" over the management of their common property to ensure that the set objectives are reached.

The term "cooperative", as defined in this Paragraph, gives the impression that the members are brought together by an external force. In fact, there are two main factors behind the establishment of a cooperative: (1) it may be created on the personal initiative of the members; or (2) it may be sought by other persons who have convinced the members of the advantages it can give them. In both cases the members get together voluntarily.

In view of these considerations, the following amendments might be made to the Paragraph in question.

In the French version, replace "*personnes volontairement réunies*" with "*personnes qui se sont volontairement réunies*" (no change to the English wording); replace "*par la constitution d'une entreprise*" with "*à travers la création d'une entreprise*" (no change to the English wording); replace "*en participant activement à sa gestion démocratique*" with "*en participant activement à sa gestion et à son contrôle démocratiques*" ("participating actively in its democratic management and control").

Cameroon. Keep "democratic management", since the sphere of activity of the cooperative movement should not be restricted. Keep "social and/or cultural", as this was the initial proposal of the Government of Cameroon.

Canada. Canada agrees with the Office's suggestion to replace "democratic management" by the term "democratic control". Also, Canada suggests dividing the present definition into two sentences with slight modifications in wording, as follows: "2(a) For the purpose of this Recommendation, the term 'cooperative' means an autonomous association of persons united voluntarily to meet their common economic,

social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise;
(b) The members of a cooperative shall make equitable contributions to the capital required, accept a fair share of the risks and benefits, and participate actively in its democratic control (see the ICA Statement on the Cooperative Identity, 1995)."

CEC. A jointly owned enterprise should require "equal" contributions to capital, assumption of "equal" (rather than "fair") shares of risks and benefits, and an equal participation in its oversight.

Colombia. ANDI. The definition of cooperative contained in this Paragraph should make it clear that it refers to an autonomous association of persons who "join together to meet their economic, social and/or cultural needs". It is not obvious that an association of persons that has only cultural objectives should be defined as a cooperative.

Croatia. Croatia supports the Office's decision to retain the wording "social and cultural needs", since the primary reasons for association of members of cooperatives are economic. If the phrase "and/or" were used, this provision could be interpreted as meaning that members of cooperatives could associate only to satisfy their cultural needs, in which case a cooperative would not differ from any other association. The definition of cooperative clearly implies that a cooperative is a company or enterprise in which profit may also be accompanied by the realization of cultural rights in a specific community.

The expression "democratic management" should be retained, in preference to "democratic control". The expression "democratic management" is broader because it encompasses both management and control of the cooperative's activities.

Cyprus. The term "democratic control" is more appropriate because such control is actually exercised by the members in their general meetings.

Pan-Cyprian Federation of Labour (PEO). Reference should be made to both "democratic management" and "democratic control", since they refer to two different procedures, and participation by the cooperative's members should be encouraged in both cases.

Ecuador. Pichincha Chamber of Small Industry (CAPEIPI). According to the objectives, cooperatives are a special form of collective self-help, self-determination and self-responsibility based on members helping each other. For this reason, democracy in a cooperative is very important. It must ensure that the cooperative's operational relationships are conducted for the benefit of its members.

Estonia. We support the proposal of the Office to replace the term "democratic management" by the term "democratic control".

Ethiopia. The definition here is different from the definition adopted by the International Cooperative Alliance at its Congress in Manchester in 1995, and these definitions should be harmonized.

Finland. The decision to retain the original text is acceptable, but it is preferable to replace the term "democratic management" with "democratic control".

France. CGT-FO. Does the term "democratic control" reflect the specific ownership structure of cooperatives better than "democratic management"? In fact, the French formula defines democratic power (each member has a vote), and hence the latter term would be more appropriate.

India. "Democratic control and management" is better than just "democratic control".

Israel. This Paragraph should incorporate the text of the ICA Statement on the Cooperative Identity, 1995.

Italy. Prefers the original Office wording. It does not seem appropriate to replace "democratic management" with "democratic control", since these are two different concepts.

LEGACOOP, CONFCOOPERATIVE, AGCI. Agree with the proposed text, and request that explicit reference be made in the text to the ICA Statement on the Cooperative Identity adopted in 1995.

It would seem appropriate to divide Paragraph 2, which defines the term "cooperatives", into two parts: the first referring to meeting the needs of members through a jointly owned and democratically controlled enterprise; and the second underlining the contributions of members to the enterprise and their active participation in democratic management. This formula also resolves the question as to whether the term "democratic management" should be replaced by "democratic control" in the English text. The proposed text includes the concept of joint ownership ("jointly owned") and democratic control ("democratically controlled") which covers both the cooperative ownership structure and the concept of "democratic control" exercised by the members.

Japan. The term "democratic management" should be replaced by the term "democratic control". The definition of cooperatives varies among countries owing to differences in cooperatives' objectives, activities and registration procedure. Words along the lines "in accordance with national laws and regulations" should be inserted for the sake of flexibility and clarity. Joint-stock enterprises might also be covered by the definition given in the text, and the Government invites the Office's comments on this point.

JTUC-RENGO. The Office definition is based on the ICA Statement on the Cooperative Identity, 1995. This definition is valid as the universal international definition. Therefore, the fundamental definition of cooperatives (rather than administrative authorization procedures, specific activities and purpose) should be established by the Recommendation, rather than being decided "in accordance with national laws and regulations".

Kuwait. The definition is acceptable.

Lebanon. The word "and" between "social" and "cultural" should be maintained. What is meant by the expression "equitable contributions" to the capital? Does the expression "*une quote-part équitable*" in the French text mean equal contributions by the members? Such equality does not seem very realistic. The expression "and participating actively in its democratic management" at the end of the sentence needs to be reformulated, along the lines of "and participating actively in its management in a democratic manner".

Lithuania. Confederation of Lithuanian Industrialists (CLI). We support the use of the words "democratic management" because they more clearly reflect the particular ownership structure of cooperatives.

Lithuanian Union of Consumers' Cooperatives (LUCC). The definition should be divided into two sentences, with slight modifications in wording; the first would include the ICA definition of a cooperative in its original form, and the second sentence

would concern the role of cooperative members. Furthermore, an explicit reference to the ICA Statement on the Cooperative Identity should be added. The text then becomes:
"2(a) For the purpose of this Recommendation, the term 'cooperative' means an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise;
(b) The members of a cooperative shall make equitable contributions to the capital required, accept a fair share of the risks and benefits, and participate actively in its democratic management (see the ICA Statement on the Cooperative Identity, 1995)."

This formula also solves the question raised in ILO Report IV (1) (page 3) as to whether to replace the expression "democratic management" by "democratic control" in the English version; the proposed new wording covers both the concept of "jointly owned" and "democratically controlled" enterprise, which refers to the cooperative's ownership structure, and the concept of "democratic management" exercised by its members.

Mauritius. The term "democratic control" should be maintained as it is in line with the cooperative principle of "democratic member control".

Mexico. Agrees with the retention of the word "and" between the words "social" and "cultural".

As regards the proposal to replace "democratic management" by "democratic control", the word "control" in Spanish has connotations of authority which in relation to an institution or organization can be confused with authoritarianism. It would be better to use the term "democratic administration", which is broader and implies greater involvement in the management of the cooperative, is consistent with the form of ownership and allows greater consistency with clause (b) of Paragraph 3. In any case, the term "management" should be dropped.

The definition of cooperative includes the phrase "making equitable contributions to the capital", which does not reflect all national legislation. For example, in Mexico, legislation on cooperatives provides that the distribution of profits of such societies shall be "in proportion to members' contributions", i.e. by implication, members may contribute different amounts. This concept should be reflected in Paragraph 2.

New Zealand. New Zealand believes that the definition of cooperatives should be for member States to determine, but that the instrument should give guidance as to what a definition might contain.

New Zealand supports the proposed text, and agrees that the term "democratic control" reflects the specific ownership structures of cooperatives and makes this Paragraph consistent with Paragraph 3(b).

Nigeria. The term "democratic control" is more appropriate than "democratic management".

Norway. Norway can accept the ILO's definition of cooperative undertakings. In the event of changes, the ICA's definition should be applied. After it was decided during the 2001 proceedings to refer to the ICA's cooperative values, identity and principles, it is natural to apply the ICA's formal definitions too, and in that way establish an overall "universal" definition. An agreed common "international" definition of cooperative would be advantageous, not least in relation to legislation.

Poland. NCC. Suggests including a definition of the promotion of cooperatives which should reflect the need to maintain the autonomy of the cooperatives (e.g. after Paragraph 2). It might be useful to quote the definition of a cooperative included in the ICA Statement on the Cooperative Identity that was adopted in Manchester in 1995. That definition is the most comprehensive, the most universal and the one best adapted to the needs of the twenty-first century.

Portugal. The Government considers it appropriate for the Recommendation to include a definition of the term "cooperative", and agrees with the definition adopted by the Committee where this subject was first discussed.

CIP. The proposed definition of a cooperative is not satisfactory. It does not include a reference to such undertakings as not-for-profit establishments. A definition of this kind should be left to national legislation and practice and not included in the Recommendation.

CGTP-IN. The word "common" should be inserted before the words "economic, social and cultural needs and aspirations".

Slovakia. Suggests dividing the present definition into two sentences, with slight modifications in wording, in order to reproduce the ICA definition of cooperative in its original form in the first sentence, the second sentence concerning the role of cooperative members. Furthermore, an explicit reference to the ICA Statement on the Cooperative Identity should be added. The English text then becomes:
"2(a) For the purpose of this Recommendation, the term 'cooperative' means an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise;
(b) The members of a cooperative shall make equitable contributions to the capital required, accept a fair share of the risks and benefits, and participate actively in its democratic management (see the ICA Statement on the Cooperative Identity, 1995)."

This formula also resolves the question raised in ILO Report IV (1) (page 3) as to whether to replace the expression "democratic management" by "democratic control" in the English version; the proposed definition includes both the concept of "jointly owned" and "democratically controlled" enterprise, which refers to the cooperative's ownership structure, and the concept of "democratic management" exercised by its members.

South Africa. Supports replacement of the word "and" with "and/or". Agrees that the term "democratic management" should be replaced by the term "democratic control".

BSA. To avoid any possible misunderstanding that all cooperatives have to be involved in all three areas, it is essential that the word "or" should be added after "and" for the sentence to read "to meet their economic, social and/or cultural needs".

Spain. We propose that the term "*gestión democrática*" ("democratic management") be maintained in order to ensure coherence with Paragraph 3(b).

Sweden. The wording should refer to "social and cultural needs"; and "democratic control".

Switzerland. The term "democratic management" should be replaced by "democratic control". The definition of a cooperative should be left to national law. The

adoption of a supranational definition could, indeed, undermine the internal coherence of company law. Company law is based on an important concept whereby the various forms of law are conceived to meet different needs. The definitions of different types of company reflect this idea.

UPS. In the third line, the word "and" should be replaced by "and/or" so as to read "economic, social and/or cultural needs and aspirations".

United Kingdom. It is not clear that the word "and" in this context includes the sense of "or", and the words "and/or" would be preferable. The term "democratic control" is acceptable (and more appropriate).

United States. The use of the term "democratic control" is preferable to the use of the term "democratic management". However, the term "democratically controlled", which recalls the ICA definition, would be a more concise way of expressing "and participating actively in its democratic control".

Cooperatives have economic and social purposes. The inclusion of "cultural" in the definition is inappropriate and exceeds the ILO's mandate. It should be deleted.

AFL-CIO. Although the AFL-CIO appreciates the Office's selection of the term "democratic management", the Committee's choice of the term "democratic control" in this provision reaffirms the right and responsibility of cooperative members to be actively involved in setting policies and in making key decisions. For consistency's sake, and in order to reflect the Committee's intent, the closing phrase in the provision should read as follows: "... and participating actively in its democratic management and control".

Office commentary

While a significant number of replies suggest substituting "and/or" for "and" between "social" and "cultural", other replies propose retaining "and", not least in order to maintain consistency with the ICA definition. Notwithstanding a certain ambiguity regarding the use of the word "and", which may be felt to include the meaning of "or", it has been decided to retain it, particularly since some replies indicate that "or" might suggest that cooperatives could be *only* social or *only* cultural, thus significantly altering the fundamental character of cooperatives as economic enterprises.

While many replies prefer the term "democratic control" to "democratic management", other replies prefer the latter, or alternatively call for the inclusion of both concepts. The Office considers that the phrase "participating actively in its management and democratic control" may best capture the intentions behind the majority of replies received and has amended the Paragraph accordingly.

The Paragraph as amended appears as Paragraph 2 of the proposed Recommendation.

3. The promotion and strengthening of the identity of cooperatives should be encouraged on the basis of:

(a) cooperative values of self-help, self-responsibility, democracy, equality, equity and solidarity; and

(b) internationally recognized cooperative principles of voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among cooperatives, and concern for community.

Observations on Paragraph 3

Australia. In clause (a), "*efforts personnels*" or "*assistance personnelle*" are possible alternatives to the French term "*entraide*".

Austria. In western countries, successful cooperation with other types of organization which have similar ways of working can be useful. The following modification is therefore proposed in clause (b): "...cooperation among cooperatives, as well as with other types of organization, and concern for community."

ÖGV. Paragraph 3 of the Recommendation makes equality a cooperative value. A study group in the Schulze-Delitsch Cooperative Federation had an intensive debate on cooperative principles. The emphatic conclusion was that, although there must be certain ground rules, such as the right to vote, members should otherwise be treated according to their individual performance; a simple reference to "equality", without further explanation, could be misinterpreted. The discussion in the Conference Committee also reflected this.

In the same Paragraph 3, cooperation (only) with other cooperatives seems a very narrow vision, since at least in western countries, successful cooperation with other types of organization, which have similar aims and methods, can be worthwhile.

Benin. In clause (a), the term "*assistance mutuelle*" ("mutual assistance") could replace "*entraide*". The term "*auto-assistance*" does not convey the idea of a cooperative. Furthermore, this clause does not include all the fundamental values set out in the ICA Statement on the Cooperative Identity contained in the appendix to Report V(1). Reference should be made not only to self-help, self-responsibility, democracy, equality, equity and solidarity, but also to the ethical values of honesty, openness, social responsibility and caring for others.

Cameroon. The term "*auto-développement*" ("self-development") is more appropriate than "*auto-assistance*" ("self-help"). Cooperatives are now enterprises with development goals.

Canada. Suggests adding the four ethical values referred to in the ICA Statement on the Cooperative Identity, as follows: "(a) cooperative values of self-help, self-responsibility, democracy, equality, equity and solidarity; ethical values of honesty, openness, social responsibility and caring for others; and".

Ecuador. CAPEIPI. The objectives concerning strengthening the identity of cooperatives are very general. Although they are clearly defined, better alternatives could be found to ensure their implementation, the necessary support in all countries and true cooperative activities in practice.

In this respect, the cooperative spirit should be oriented along the following lines: (a) making the world cooperative movement a pattern of life enabling all countries to establish real social justice and practical cooperation in cooperative relationships; (b) deepening the understanding of the cooperative spirit and doctrine, making cooperative practice a pattern of conduct encompassing the interests, responsibilities and common good of all the members; (c) coordinating conscious and responsible application of cooperative practices that promote and consolidate the integration of all aspects of the cooperative movement; (d) ensuring that the consolidation of cooperative organization and practices lead to the development and progress of peoples; (e) ensuring

that increased development of cooperative thinking and education leads to better and more appropriate forms of education to develop the full potential of our human resources and our human organizations; (f) achieving a comprehensive, integrated and permanent education system to consolidate and develop awareness of education as a necessity and responsibility for the common good and public interest based on national realities and genuine needs.

Egypt. A slight change could be made to clause (b), so as to devote a specific clause to the internationally recognized cooperative principles.

France. As regards the appropriate translation of the word "self-help", reference should be made to the French version of the ICA Statement on the Cooperative Identity, attached to Report V (1), which uses the term "*prise en charge*" in conjunction with "*responsabilité*". The clause could therefore be worded as follows: "*des valeurs coopératives, à savoir la prise en charge et la responsabilité personnelles, la démocratie, l'égalité, l'équité, la solidarité*" (no significant change to the English).

CGT-FO. Prefers the term "*entraide*", which expresses solidarity between members, while "*auto-assistance*" implies self-financing, which is no longer the rule.

India. In clause (a), the words "and accountability" should be added after the word "self-responsibility".

Israel. Suggests that this Paragraph should incorporate the text of the ICA Statement on the Cooperative Identity.

Italy. Clause (b) should be left unchanged.

LEGACOOP, CONFCOOPERATIVE, AGCI. Explicit reference should be made in the text to the four basic ethical values of cooperatives (honesty, openness, social responsibility and caring for others), set out in the ICA Statement on the Cooperative Identity.

Kuwait. As regards "autonomy and independence", this should be within an overall set of values governing relations between the State and its institutions, since cooperatives are not considered isolated entities within the State. Cooperatives should enjoy the same rights and obligations as other state institutions and bodies; in any case autonomy should not have a negative impact on other institutions or on other social or economic categories at the national level. Therefore, we consider that autonomy should not be absolute, as the proposed text may suggest.

Lebanon. The expression "the promotion and strengthening of the identity of cooperatives should be encouraged on the basis of" does not identify who would be responsible for this encouragement. Would it be the State alone? Clause (a) should be reworded as follows: "democracy in management, equality, equity and solidarity among its members; and".

In the French text, the expression "*l'autonomie et l'indépendance*" is used. Is there any clear distinction between these two words? Do they imply that cooperatives are outside the competent authorities' control?

As regards the Arabic text, it is suggested that "*autonomie*" should be translated as either "internal independence" or "self-independence".

It is suggested to add the expression "within the framework of the laws and regulations in force" at the end of the sentence.

Lithuania. LUCC. The cooperative values should be completed by the addition of the four ethical values (honesty, openness, social responsibility and caring for others) that are mentioned in the ICA Statement on the Cooperative Identity, which should be referred to explicitly in this Paragraph. This would result in the following wording:

"3. The instrument should encourage the promotion and strengthening of the identity of cooperatives based on:
(a) cooperative values of self-help, self-responsibility, democracy, equality, equity and solidarity; ethical values of honesty, openness, social responsibility and caring for others; and
(b) internationally recognized cooperative principles of voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among cooperatives, and concern for community (see the ICA Statement on the Cooperative Identity, 1995)."

Morocco. Federation of Chambers of Commerce, Industry and Services of Morocco (FCCISM). In clause (a) in the French version, replace "*auto-assistance*" with "*assistance à soi-même*".

New Zealand. New Zealand believes the instrument should include a reference to the cooperative values and principles set out in the ICA Statement on the Cooperative Identity, but otherwise supports the proposed text.

Poland. NCC. The cooperative values and principles set out in the ICA Statement on the Cooperative Identity should also be listed explicitly here.

Portugal. CIP. With regard to clauses (a) and (b), there are no particular objections to specifying the values and principles that form the basis of the promotion and strengthening of the identity of cooperatives.

Slovakia. The cooperative values should be completed by the addition of the four ethical values (honesty, openness, social responsibility and caring for others) that are mentioned in the ICA Statement on the Cooperative Identity, which should also be referred to explicitly in this Paragraph, to give the following wording:

"3. The instrument should encourage the promotion and strengthening of the identity of cooperatives based on:
(a) cooperative values of self-help, self-responsibility, democracy, equality, equity and solidarity; ethical values of honesty, openness, social responsibility and caring for others; and
(b) internationally recognized cooperative principles of voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among cooperatives, and concern for community (see the ICA Statement on the Cooperative Identity, 1995)."

Switzerland. As regards members' economic participation, a cooperative society is not required to have a share capital.

United States. The reference to the cooperative principles is appropriate because they directly relate to the essential characteristics of cooperatives and are widely recognized. However, the reference to "cooperative values" does not add significantly to the usefulness of the proposed Recommendation, and such references should be deleted from this Paragraph and from the other paragraphs where they occur, namely, Paragraphs 6, 7(1) and 10.

Office commentary

Several replies suggest including the ethical values referred to in the ICA Statement on the Cooperative Identity, but the Office takes the view that this matter should be left to the Conference to decide. A variety of suggestions have been received regarding an appropriate replacement for the word *"entraide"* in French. On the basis of these suggestions, and after having carried out linguistic research, the Office has decided to replace the term *"entraide"* by *"effort personnel"* in the French version.

The Paragraph as amended (in French only) appears as Paragraph 3 of the proposed Recommendation.

4. Measures should be adopted to promote the potential of cooperatives in all countries, irrespective of their level of development, to assist their membership to:

(a) create and develop income-generating activities and sustainable decent employment;

(b) develop human resource capacities and knowledge of the values of the cooperative movement through education and training;

(c) gain access to markets and to institutional finance;

(d) increase savings and investment; and

(e) improve social and economic well-being, taking into account the need to eliminate all forms of discrimination.

Observations on Paragraph 4

Argentina. In clause (a), it is inappropriate to include the word "decent". As already mentioned, it is a concept without any clear definition, and the word should therefore be deleted.

Austria. This concerns the adoption of measures to promote the potential of cooperatives in all countries, irrespective of their level of development. In Austria's view, it appears that the competitive element is wholly missing. In western countries, it is the core task of cooperatives to strengthen the competitiveness of small and medium-sized businesses by taking over and carrying out efficiently, cost-effectively and professionally those management functions which businesses of that size cannot do themselves, at least to the standard demanded by their clients. By combining forces, cooperatives can be an effective force and market factor, and can safeguard the existence of small and medium-sized businesses. A new clause should therefore be added, as follows: "(f) strengthen their competitiveness".

OGV. There is a glaring omission from Paragraph 4, since the concept of competition is totally lacking. In western countries, it is the core task of cooperatives to strengthen the competitiveness of small and medium-sized enterprises, by taking over and carrying out efficiently, cost-effectively and professionally those management functions which businesses of that size cannot do themselves, at least to the standard demanded by their clients. By combining forces, cooperatives can be an effective force and market factor, and safeguard the existence of small and medium-sized businesses.

Brazil. CNI. Delete the word "decent", as the concept needs to be better defined.

Canada. Canada suggests amending the final phrase of the introductory clause, as follows: "to respond to members' needs to:".

CEC. Cooperatives should first and foremost endeavour to respond to the needs of their members. Any association of persons is created for a purpose: this purpose should dictate the activities of the association. Paragraphs 4 and 5 fail to acknowledge this basic fact, suggesting instead that cooperatives should concentrate on meeting a "shopping list" of meritorious economic and social objectives, rather than their members' wishes.

Cyprus. PEO. In clause (e), add the word "cultural" after "social". Cooperative institutions should be given a cultural dimension, as well as social and economic dimensions. In Paragraph 2, cultural needs are mentioned as one of the fields of action of cooperatives. The measures to promote the potential of cooperatives, as listed in Paragraph 4, should therefore include cultural objectives.

Ecuador. CAPEIPI. Given that training is a factor in the development of all peoples, related activities should be aimed at: securing effective support from international organizations in developing cooperative education activities, in the form of human or financial resources, such as scholarships; securing the effective support and involvement of governments in cooperative education activities; ensuring coordination of efforts and studies to quantify our human resources and our society as a whole; ensuring the effective involvement of non-governmental organizations and communication media, and coordination of efforts to promote cooperative education; defining joint tasks with various federations, with a view to consolidating educational activities, and the whole cooperative movement; and establishing international agreements to allow specialization, advanced training and retraining of national human resources.

India. The word "potential" is not required and could therefore be deleted.

Italy. LEGACOOP, CONFCOOPERATIVE, AGCI. This Paragraph should set out and emphasize the role of cooperatives which, throughout their history, have made a decisive contribution to the development of major sectors of the economy (agriculture, consumption, production and labour, industry, crafts, housing, fishing, social services, credit and savings, insurance, as well as promoting the creation of secondary cooperative organizations, etc.).

It is not clear from the present wording here who should take the necessary measures; it is important to state clearly that member States are actively responsible for taking such measures.

Japan. Clause (a): The words "where appropriate" should be inserted. Cooperatives in Japan are established individually on the basis of specific laws, which determine whether they engage in income-generating or employment-creation activities.

In clause (c), the words "and to institutional finance" should be deleted; it is difficult to find a clear link between cooperatives' access to institutional finance and the ILO's mandate. Institutional finance has an impact on the nature of cooperatives such as the health of their management but so does the financial market system itself. It is therefore not appropriate to refer to cooperatives' access to institutional finance here.

With regard to clause (d), the Japanese Government, recognizing the importance of increasing savings of a cooperative's membership, has adopted promotional measures. However, it is not clear whether it is so important to promote investment. Another clause relating specifically to capital investment in cooperatives should be established, if necessary.

JTUC-RENGO. Prefers the Office text. This Paragraph concerns support to co-operatives in the financial area, which creates income and employment. More and more people are joining together to create work in Japan as in other countries, often without an adequate financial base. They should have access to public finance and/or public financial support.

Lebanon. It is suggested to add the expression "as far as possible" after the expression "irrespective of their level of development", since States' capabilities are not equal in this regard. Who is responsible for taking the measures mentioned in this Paragraph?

Lithuania. LUCC. After defining cooperatives (Paragraphs 2 and 3), and before discussing the policies and instruments intended to promote them, it is essential to define in concrete terms their main functions. The Paragraph should begin as follows: "Cooperatives, during the course of their history, have contributed in a decisive way to the development of important components of the economy (agriculture, fisheries, industry, handicraft, housing, social services, thrift and credit, insurance, etc.). Consequently measures should be adopted ...".

In Paragraphs 4, 5, 7, 10, 12, 13 and 17, the passive sentences should be turned back into the active form with "member States" as the subject, because the present formulation brings confusion as to who or what is expected to take action.

Mexico. It should be made clear who is to take the measures. The text of the Conclusions states that it would be the member States, so it would be useful to indicate that governments together with the relevant branches should adopt such measures.

Agrees with the changes to Paragraphs 5, 6, 7 and 10 proposed by the Office (but not to Paragraph 14, which refers only to employers and workers).

New Zealand. New Zealand believes that the objective of cooperative regulation and policy in any country should be to promote the potential of cooperative enterprises to enhance the economic and social well-being of their members. However, cooperatives may be very diverse in their nature, from essentially commercial enterprises to organizations that are very concerned with social well-being. The instrument should reflect that potential diversity of purpose.

New Zealand supports the proposed text.

Philippines. Measures to promote the potential of cooperatives, enterprise education and training, and entrepreneurship development, should be included.

Portugal. The Government agrees with everything in this Paragraph and in principle does not object to the purely drafting amendments introduced: the word "Members" has been deleted here and in Paragraphs 7, 8, 9, 10, 13 and 17 so as to avoid confusion with members of cooperatives.

CIP. There are no particular objections to the measures laid down in the Recommendation for promoting the potential of cooperatives, except that in clause (a) the word "decent" should be deleted, given that it is very vague and imprecise.

Slovakia. After defining the cooperatives (Paragraphs 2 and 3), and before discussing the policies and instruments aimed at promoting them, it is essential to define their main functions in concrete terms. The Paragraph should begin as follows: "Cooperatives, during the course of their history, have contributed in a decisive way to the development of important components of the economy (agriculture, fisheries, indus-

try, handicraft, housing, social services, thrift and credit, insurance, etc.). Consequently, measures should be adopted …".

In Paragraphs 4, 5, 7, 10, 12, 13 and 17, the passive sentences should be turned back into the active form with "member States" as the subject, since the present formulation creates confusion as to who or what is expected to take action.

South Africa. BSA. In clause (a), since no agreement has yet been reached in the ILO on a definition of "decent work", the word "decent" should be deleted.

Sweden. The proposed amendment which avoids the use of the word "Members", is preferred, as are the corresponding amendments to Paragraphs 7, 8, 9, 10, 13 and 17.

Switzerland. UPS. In clause (a), the word "decent" should be deleted, because the concept is poorly defined. "Sustainable" employment is the priority objective here.

United States. Clause (a): The use of the word "decent" in this context without a clear legal definition is questionable. In English, the word "decent" has numerous meanings, several of which are confusing in this context. The term "sustainable" alone should qualify "employment"; not only is "sustainable" a clearer term, but its meaning is broad enough to encompass the notion of "decent".

Clause (b): The new text for clause (b) has an entirely different meaning from the old version. It would be preferable to introduce the text of the former clause (b), namely, "develop their business potential, including entrepreneurial and managerial capacities through education and training", as an alternative or as an additional subclause. This wording addresses an important aspect of cooperatives – a focus on business potential – that is now missing from the text. A cooperative's success will rest upon its membership's ability to run it as a sound business. It is thus crucially important to make education and training available to enable the membership of cooperatives to learn the principles of business and entrepreneurship. The operation of cooperatives is primarily an economic activity, even though it may have social benefits. Furthermore, it is not clear what is meant by "human resource capacities", especially considering how the provision applies to members of a cooperative who may be workers or employers, or simply community members.

USCIB. Clause (a): The definition and meaning of the word "decent" is in the eye of the beholder. It has no definable meaning or measurable significance in the context of the promotion of cooperatives and should be deleted.

AFL-CIO. Clause (a): Supports the text as currently drafted. Since this is likely to be the subject of significant debate during the second discussion, the social partners and NGOs should take a deep breath, close their eyes and mentally return to the relevant discussions during the 89th Session of the Conference.

During the course of the Committee's discussion on this provision, many social partners (employers, governments and workers) supported the concept of "sustainable decent employment", as included in the text in this provision. Further, many speakers in the plenary discussions supported the notion, within the context of world realities as they commented on the ILO's mandate of adding a social dimension of "sustainable decent employment" to globalization.

We would recall the words of the South African Minister of Labour, who reminded us all that in this global village, no country can sustain itself as an island of wealth and opulence surrounded by a sea of poverty, hunger and disease. The Mexican Minister of Labour complemented his remarks with a warning that economic globalization which did not make decent work a universal right, in accordance with the

dignity of the human person, would polarize humanity and self-destruct, and that action was needed now.

We conclude our support for this provision as drafted by highlighting the remarks made by three social partners from industrialized countries.

The Canadian Minister of Labour warned that if globalization could motivate nations to work together to provide decent work for the millions of people who have little or none, then globalization should be welcomed, but that the conflict surrounding globalization would only grow if ordinary people were left behind and poverty, unemployment and a lack of basic labour rights were not addressed. The extent to which we achieved decent work, which meant a "decent life" for all our citizens, would be the true measure and would decide the future of globalization. He added that if the ILO did not put forward any new solutions, people would seek them elsewhere.

A Workers' delegate from the United States reminded us of the challenge to act in a time of dramatic change. A new global economy was being forged, and people across the globe were stirring in response and demanding a fair deal – basic dignity, basic rights and decent work.

And finally, although he was not addressing the issue of "sustainable decent employment", in calling for greater ILO involvement in the United Nations Secretary-General's "Global Compact", the Employers' delegate of the United Kingdom warned that it was vital to avoid a situation where other bodies that do not have the expertise begin to interpret ILO principles; to do otherwise would create the risk of a proliferation of initiatives, which would at best duplicate and at worst contradict each other, and if that happened it would be harder to sustain business enthusiasm and commitment.

All social partners should think deeply about this comment and its impact, if the warning comes to pass, on their relevance.

Clause (b): the AFL-CIO supports the text of this provision as drafted.

Clauses (c), (d) and (e): no comments on these provisions as drafted.

Office commentary

A few replies indicate disagreement with the Office's proposal to use the passive form in Paragraphs 4, 7, 8, 9, 10, 13 and 17, on the grounds that the responsibility for undertaking the proposed measures becomes unclear. On the other hand, a similar number of replies indicate agreement with the Office text. Since the majority of replies do not refer to this point at all, the Office has decided to retain the current formulation.

Several employers' organizations and one government recommend the deletion of the word "decent" before "employment". Two governments point out the absence in the current text of the importance of developing business potential and competitiveness which, in their view, are critical conditions for cooperative success. In view of the absence of a broad consensus regarding these and other suggestions, the Office has decided to leave the text unchanged.

The Paragraph without amendments appears as Paragraph 4 of the proposed Recommendation.

5. The adoption of special measures to enable cooperatives, as enterprises and organizations inspired by solidarity, to respond to the needs of society, including the needs of disadvantaged groups in order to achieve their social inclusion, should be encouraged.

Observations on Paragraph 5

Argentina. The Paragraph still seems to suggest that cooperatives should focus more on social objectives and respond to the needs of society, without taking into account the fact that cooperatives should endeavour to respond first and foremost to the needs of their members. Any association of persons is created for a purpose. That purpose is what determines the activities of the association. Moreover, other private sector organizations also respond to the needs of society and the impression should not be given that this is the exclusive prerogative of cooperatives. This Paragraph should therefore be amended as follows: "The adoption of special measures to enable cooperatives and other enterprises inspired by solidarity to respond to the needs of society …".

Brazil. CNI. Cooperatives should, first and foremost, respond to the needs of their members, and should not be overburdened with a great many social responsibilities. The Paragraph should be amended to read as follows: "The adoption of special measures to enable cooperatives and other enterprises inspired by solidarity to respond to the needs of society …".

Canada. Canada suggests amending the Paragraph as follows: "… by solidarity, to respond to members' needs, and the needs of society …".

CEC. Cooperatives should first and foremost endeavour to respond to the needs of their members. Any association of persons is created for a purpose; this purpose should dictate the activities of the association. Paragraphs 4 and 5 fail to acknowledge this basic fact, suggesting instead that cooperatives should concentrate on meeting a "shopping list" of meritorious economic and social objectives, rather than their members' wishes.

Other private-sector organizations also respond to the needs of society; social responsibility is not the exclusive preserve of cooperatives. If special measures are employed to assist cooperatives, such measures must be made available to all forms of enterprise, so as to enable any organizations so inclined to act on their social/community concerns.

Colombia. ANDI. Above all, cooperatives must meet the needs of their members. In this respect, cooperatives should not be assigned numerous social responsibilities, since there are other organizations that also respond to the needs of society. Consequently, this Paragraph should be amended as follows: "The adoption of special measures to enable cooperatives and other enterprises inspired by solidarity to respond to the needs of society…".

France. MEDEF. Insert at the beginning of the Paragraph the words "In developing countries".

CGT-FO. It is for the State and public services to achieve the inclusion of disadvantaged groups. Cooperatives should provide means of inclusion that would be open to these groups.

Italy. LEGACOOP, CONFCOOPERATIVE, AGCI. It is not clear from the present wording of this and other Paragraphs who should take the necessary measures. It is important to state clearly that member States are actively responsible for taking such measures.

Japan. The words "where appropriate" should be inserted for the sake of flexibility. As regards disadvantaged groups, it is necessary to strike a balance between the needs of such groups and the objectives and role of cooperatives.

JTUC-RENGO. Inserting the words "where appropriate" may create confusion if applied to the basic orientations of the Recommendation. Although it is for governments to determine the actual level of support given to disadvantaged groups, which are growing in Japan as in other countries, governments must provide such support, which may be considered also as a part of public policy. The wording "where appropriate" should therefore not be included.

Lithuania. LUCC. See comments on Paragraph 4.

New Zealand. New Zealand believes that the instrument should recognize that governments may wish to promote and support the establishment of cooperatives as one element in addressing the social exclusion of "first peoples". However, it is up to the members of cooperatives to decide democratically what their objectives are, and the instrument should suggest measures, but not require them of cooperatives.

New Zealand supports the proposed text.

Norway. NHO. The cooperative character of "help for self-help" should emerge more clearly. For example, in Paragraph 5, it should be made clearer that the cooperative is a means for assisting various groups to promote (their own) social inclusion, even if existing cooperatives should not necessarily assume all responsibility for such tasks. The fact that, for example, authorities and established cooperatives can participate in development projects in which groups learn to apply the cooperative model to assist their own efforts and development, is another matter.

Portugal. The Government has no objection to the amendments introduced by the Office, which do not change the substance of the provisions and help to make the text clearer.

CIP. The provision on the adoption of special measures to enable cooperatives to respond to the needs of society, including those of disadvantaged groups, should not appear in the Recommendation. This question must be left to national legislation and practice. Moreover, the main purpose of cooperatives is to meet the needs of their members, and it is not appropriate for an international instrument to overburden cooperatives with social responsibilities unrelated to their main purpose.

Slovakia. See comments on Paragraph 4.

South Africa. Agrees with the proposed changes.

BSA. In order to provide a "level playing field" for all enterprises, including cooperatives, the wording should be changed to read "to enable cooperatives and other enterprises inspired by solidarity ...".

Sweden. The proposed amendment to Paragraph 5 ("including the needs of disadvantaged groups in order to ...") is preferred.

Switzerland. UPS. This Paragraph appears to suggest, wrongly, that cooperatives should concentrate more on social objectives and meeting social needs. In fact, cooperatives should endeavour above all, free of all constraint, to respond to the needs of their members. Any association of persons is created with a precise objective which should determine the association's activities. Cooperatives should not be

overburdened from outside with numerous social responsibilities (which does not prevent them from freely assuming such responsibilities). Moreover, other private-sector organizations respond to the needs of society, and the text should not give the impression that this is a field reserved exclusively for cooperatives.

A cooperative's actions are inherently based on the commitment of the members themselves. To provide for "special measures" by States is the antithesis of that approach. Paragraph 5 is therefore unnecessary. If, however, it is retained, it should be reformulated as follows: "The adoption of special measures which allow cooperatives and other enterprises inspired by solidarity to respond to the needs of society ...".

United States. It should be noted that in the United States a cooperative is still a business arrangement. While members of a cooperative should be free to adopt objectives relating to the needs of disadvantaged groups if they so wish, this provision emphasizes the social role that cooperatives will be expected to play. As drafted, it obscures the autonomous and democratic character of cooperatives. To illustrate this point, rural farmers without electricity could be considered a "disadvantaged group". They may wish to form an electrical cooperative to bring electricity to their region, but may be unable to do so because a utility company has sole rights as service provider. The utility company itself has chosen not to extend service to the rural area because to do so would not be profitable. In such cases, legal measures could be enacted to allow the rural farmers to be eligible to perform this service rather than a utility company. Accordingly, a favourable environment is provided for "disadvantaged groups" to help themselves, should they choose to do so. Furthermore, the wording "in order to achieve their social inclusion" would not make sense with respect to many types of cooperatives.

USCIB. The Paragraph suggests that cooperatives have a responsibility to address the needs of society, including the disadvantaged, that goes beyond that of other economic institutions. In view of the purpose of this Recommendation to promote cooperatives, such a guideline could, in fact, be an obstacle to their creation and success. The Paragraph should be deleted.

Office commentary

Some replies express concern at the possibility of creating the impression that only cooperatives respond to the needs of society, and therefore propose adding "and other enterprises" after "cooperatives". The Office considers that, since the proposed Recommendation is specifically designed to promote cooperatives, no inference should be drawn regarding other types of enterprises, and has therefore decided to retain the current text. On the other hand, some replies suggest that the current text may create an impression that the role of cooperatives is to respond to the needs of society rather than to the needs of their members. Accordingly, an amendment to the text has been adopted to read "... to respond to their members' needs, and the needs of society, including those of disadvantaged groups ..." in keeping with the definition in Paragraph 2, according to which cooperatives are autonomous associations of persons who have joined together voluntarily to meet their needs.

The Paragraph as amended appears as Paragraph 5 of the proposed Recommendation.

II. Policy framework and the role of governments

General observations on Part II

Mexico. Include in Part II a Paragraph which provides that it is necessary to promote development of areas of technological research in such enterprises and the industrial sectors to which they belong.

6. Governments should define and apply a supportive policy and legal framework which is consistent with the nature and function of cooperatives and which is guided by the cooperative values and principles listed in Paragraph 3, which would:

(a) establish an institutional framework with the purpose of allowing for the registration of cooperatives in as rapid, simple and efficient a manner as possible;

(b) provide for the adoption of measures for the oversight of cooperatives, on terms appropriate to their nature and functions, which respect their autonomy and which are no less favourable than those applicable to other forms of enterprise and social organization;

(c) facilitate the promotion of cooperative structures according to the needs of cooperative members; and

(d) encourage cooperative development, including in areas where cooperatives have an important role to play, or provide services which are not otherwise provided.

Observations on Paragraph 6

Austria. Clause (b): According to the present wording, the objective of the legal framework established by governments should be the adoption of measures for the oversight of cooperatives, which are no less favourable than those applicable to other forms of enterprise and social organization. In the view of Austria's cooperatives, this wording is questionable and should be deleted. Cooperatives in Austria are subject to far greater (internal) control than other enterprises or organizations (review by the supervisory board and statutory audit, even for the smallest enterprises, irrespective of turnover, balance sheet or number of employees). The result of this strict self-regulation is that less external supervision is needed. The wording of clause (b) could lead to excessive regulation in some countries. The following more flexible wording is therefore proposed, which provides for appropriate oversight measures: "provide for the adoption of appropriate measures for the oversight of cooperatives, on terms appropriate to their nature and functions, which respect their autonomy ...".

New clause (e): In connection with the establishment of a legal framework established by governments, the Recommendation should also expressly regulate employees' participation in cooperatives. In other words, employees of cooperatives should not be in a worse position in terms of rights of participation than employees in other enterprises or social organizations.

It is therefore proposed to add a new clause (e) as follows: "(e) provide for rights of participation for employees of cooperatives".

Under Austrian industrial relations legislation, the legal form of a business has no limiting effect on the application of industrial relations regulations. Thus employees in cooperatives are fully covered by the statutory rights of participation. These are generally set out in "general rules" on the powers of works committees (general rights of

supervision, intervention, consultation and advice), participation in social affairs and participation in personnel matters.

Only the right of employees' participation on the supervisory board (one-third representation) is restricted in the case of cooperatives, as it applies only when at least 40 employees are permanently employed. This restriction is, however, a provision of the Cooperatives Act, since only when the number of employees exceeds this number is it compulsory for employers to establish a supervisory board.

ÖGV. Clause (b) states that the legal framework established by governments should provide for the adoption of measures for the oversight of cooperatives which are no less favourable than those applicable to other forms of enterprise and social organization. The Austrian Cooperatives' Association opposes this wording. As a result of the control activities of supervisory bodies, the supervisory board, and statutory audit requirements, even the smallest cooperatives, irrespective of turnover, balance sheet or number of employees, are subject to far greater control than other enterprises or organizations. Thus to talk here of oversight provisions which are no less favourable than those applicable to others is counter-productive, since the self-regulation of cooperatives means that far less external supervision is needed. We regard such wording as extremely dangerous, since it could lead to excessive regulation in some countries.

Ecuador. CAPEIPI. This Section rightly calls for greater government involvement and interest in the development of their peoples. To this end, it is essential to have a clear legal framework, so that these entities have a knowledge of their field of action and are controlled by specialized agencies, based on their principles and doctrines, and with the active participation of members through supervisory and administrative boards.

It should be emphasized that the cooperative system is compatible with any form of political or social organization, provided that it allows private initiative, respects property, eschews political parties and can collaborate with government in implementing its development plans, programmes and projects, socio-economic projects in particular, identified with the small and medium-sized business communities.

The cooperative sector offers an alternative way out of the crisis, since it generates employment, redistributes wealth, democratizes credit and facilitates socio-economic mobility.

France. Clause (b): The wording of this clause conflicts with national regulations, which provide for controls reinforced by the cooperative auditing procedure involving not only account auditing but also monitoring of the observance of cooperative principles and regulations. These control measures are justified by the advantages enjoyed by cooperatives compared with other enterprises. Hence there is no reason to require that measures for the oversight of cooperatives should be "no less favourable than those applicable to other forms of enterprise and social organization".

CGT-FO. Clause (d): Along the same line of thought as in the comment on Paragraph 5, the wording "not otherwise provided" is inadequate, as this could mean public services that are no longer provided by the State owing to budgetary constraints. "Not provided by the market" seems more relevant.

GNC. Clause (b): Measures for the oversight of cooperatives which are "equivalent to those applied to other forms of enterprise and respect their specific features", rather than "no less favourable than ...". This proposal does not present any problem. It represents a moderate position in relation to other countries (Spain, Italy), which

would like to refer only to "measures for oversight geared to their specific features". The GNC proposal also corresponds to the requirements of the International Co-operative Alliance.

India. The word "define" could be replaced by the word "devise".

In clause (a), the words "reorganization and winding up" could be added after the word "registration".

Between clauses (b) and (c), the following new clause could be inserted: "provide for direction and management of cooperatives in consonance with cooperative principles".

Japan. Clause (a): The reference to "institutional framework" for the registration of cooperatives implies that the proposed Recommendation concerns only formal cooperatives.

Clause (b): The Government would like the Office's comments on whether "measures for the oversight of cooperatives" include labour standards inspections. The objectives and roles of private corporations and cooperatives are different, and so, supposedly, are the oversight mechanisms of corporations and cooperatives. Therefore, for the sake of flexibility, the words "which are no less favourable than those applicable to other forms of enterprise and social organization" should be deleted.

Clause (d): The Government asks for the Office's comments on whether the word "areas" means geographical areas or sectoral/industrial areas.

JTUC-RENGO. See observation on Paragraph 1.

Kuwait. There is duplication in the formulation of Paragraph 6(b) and Paragraph 7(2). It may be preferable to retain one of them.

Mexico. The Office proposals concerning Paragraphs 6 and 7 present no problems, since they are simply drafting changes. See also comments on Paragraph 7.

Morocco. FCCISM. Proposes the addition of the words "*présentant les mêmes spécificités*" at the end of clause (b) of the French version ("displaying the same specific features").

Certain categories of commercial enterprise may have particular advantages due to the nature of their activities or arising from agreements concluded with the State which cannot be extended to cooperatives.

The same applies to Paragraph 7(2).

New Zealand. New Zealand believes that the instrument should provide for a policy and legal framework for cooperatives. This might include registration, vertical integration of structures and special oversight measures; these are matters that each member State should determine. However, the instrument could identify areas where experience has shown special provisions or policies to be helpful.

New Zealand supports the proposed text.

Norway. NHO. With reference to the principle of freedom of association, which must also include the right to choose the form of business organization appropriate for a given purpose, the instrument must state with greater clarity that cooperatives should be permitted in all industries and sectors of the economy. This clarification should be incorporated into Paragraph 6 or 7. The NHO emphasizes that where groups find the cooperative model to be best suited to their needs, it must be possible to establish co-operatives regardless of industry or trade, provided other relevant legislation is observed.

Portugal. CIP. There is no need for the Recommendation to describe in such specific detail the policy objectives and legal support framework required for cooperatives. The instrument should merely include a general provision recommending that governments adopt a policy and legal framework for cooperatives.

South Africa. Agrees with replacement.

Clause (c): Agrees.

Sweden. The proposed amendments are preferred.

Switzerland. The State's task ends with the adoption of legal provisions that meet the specific needs of economic actors. In this respect, company law does not favour one type of company over another.

United States. The Office's rewording of this provision, replacing the term "provide" with "define and apply", changes the meaning so that it is less clear. The term "provide" would be preferable.

With respect to clauses (a) and (b), the United States would emphasize that cooperatives should not be subject to more onerous "registration" and "oversight" requirements than those to which similar non-cooperative businesses are subject. We would note that the idea of "registration" falls under the more general concept of "oversight", so that clause (a) could be deleted without loss of meaning. In addition, clause (b) also links the idea of "oversight" with respect for the autonomy of cooperatives, a crucial aspect of cooperatives.

AFL-CIO. Supports the Office text.

Office commentary

A few replies indicate disagreement with the proposed provision in clause (b), which calls for the adoption of measures for the oversight of cooperatives that are no less favourable than those applicable to other forms of enterprise and social organization. The National Association of Cooperative Federations (GNC) of France proposes an alternative text for this clause along the following lines: "provide for the adoption of measures for the oversight of cooperatives, on terms appropriate to their nature and functions, which respect their autonomy and which are equivalent to those applied to other forms of enterprise and respect their specific features". The Office has not amended the text in line with this proposal, which is for the Conference to consider if it so wishes.

In response to the questions raised by the Government of Japan, for the purpose of this Recommendation, the term "oversight" includes all those governmental supervisory measures required by national legislation for the oversight of economic and social organizations, including, if applicable, labour inspection; the term "area" in clause (d) refers to economic areas.

The Paragraph without amendments appears as Paragraph 6 of the proposed Recommendation.

7. (1) The promotion of cooperatives guided by the values and principles set out in Paragraph 3 should be considered as one of the objectives of national and international economic and social development.

(2) Cooperatives should be treated on terms no less favourable than those accorded to other forms of enterprise and social organization. Support measures should be introduced, where appropriate, for the activities of cooperatives that meet specific social and public policy outcomes such as employment promotion or the development of activities benefiting disadvantaged groups or regions. Such measures could include among others, and in so far as possible, tax benefits, loans, grants, access to public works programmes and special procurement provisions.

(3) Special consideration should be given to increasing women's participation in the cooperative movement at all levels.

Observations on Paragraph 7

Argentina. UIA. Subparagraph 2, which concerns measures to support the activities of cooperatives that respond to the needs of social and public policy such as employment promotion, could be interpreted as being limited exclusively to cooperatives, and could wrongly encourage governments to grant them preferential treatment to the detriment of other organizations. The crucial idea is that such support measures should be extended to other organizations in the private sector that respond to the same social and public policy objectives. In principle, cooperatives should not be given preferential treatment just because they are cooperatives, but because of the nature of the services they provide. This is an extremely important point, since if the support measures mentioned are not extended to businesses, namely, tax benefits, loans, grants, access to public works programmes and special procurement provisions, that would be tantamount to denying the principle of equality of opportunity for all economic operators. This is a basic principle that should not be circumvented in any way. In order to ensure that these support measures can reach private-sector organizations that meet the same social and public policy objectives, such as employment promotion or the development of activities benefiting disadvantaged groups or regions, the relevant wording in subparagraph 2 should be redrafted as follows: "Support measures should be introduced, where appropriate, for the activities of cooperatives and other private-sector organizations ...".

Austria. Subparagraph 2: For the sake of clarity, the subparagraph should be divided into two clauses (first sentence in the first clause, second and third sentences in the second clause).

BAK. Subparagraph 2: Same comment as the Government.

Benin. Subparagraph 2: This subparagraph is sufficiently clear as it stands, except that the words *"en matière d'achat"* in the French version should be replaced by *"en matière d'achats publics"*, as the special provisions in question can be granted to cooperatives only by the State, not by private operators.

Brazil. CNI. The following new wording is proposed for subparagraph 2: "Support measures should be introduced, where appropriate, for the activities of cooperatives and other private-sector organizations ...".

Cameroon. Subparagraph 2 should be divided into three clauses for greater clarity and conciseness. Keep *"en matière d'achats publics"*.

Canada. In French, the final phrase should be: *"en matière d'achats publics"*.

CEC. Subparagraph 2 seeks to provide support measures to activities of co-operatives "that meet specific social and public policy outcomes such as employment promotion or the development of activities benefiting disadvantaged groups or regions". Canadian employers worry that this may be construed as allowing governments "carte blanche" to give cooperatives preferential treatment. The language in this Part should, at the very least, make it clear that such support measures must be equally available to private-sector organizations which meet the same desired public policy outcomes.

Canadian employers are generally strongly opposed to governments using tax payers' dollars to subsidize certain chosen businesses. Employers maintain that any treatment must at least be meted out even-handedly to cooperatives and other forms of organization based on the nature of services provided or activities conducted, and not on the form of organization. This point is extremely important because the proposed support measures include tax benefits, loans, grants, access to public works programmes and special procurement provisions. If not extended to all enterprises, such preferential treatment for cooperatives would be tantamount to negating the principle of a "level playing field" for all economic actors. Accordingly, subparagraph 2 should be amended as follows: "Support measures should be introduced, where appropriate, for the activities of cooperatives and other private sector organizations".

Colombia. ANDI. Subparagraph 2 seeks to establish measures to support the activities of cooperatives which respond to the needs of social and public policy. Such support measures should be extended to other organizations in the private sector that respond to the same social and public policy objectives. If businesses cannot benefit from these support measures, including tax benefits, loans, grants and access to public works programmes, this will be tantamount to denying the principle of equality of opportunity for all economic operators. Consequently, in order to ensure that these support measures can apply to private-sector organizations which meet the same social and public policy objectives, the text should be redrafted as follows: "Support measures should be introduced, where appropriate, for the activities of cooperatives and other private-sector organizations ...".

Cyprus. Subparagraph 2 should be subdivided into several clauses for reasons of clarity.

PEO. Subparagraph 2 should be divided into two clauses for reasons of clarity.

Estonia. Subparagraph 2 should not be divided into several clauses.

Finland. In subparagraph 2, subdivision into several clauses for reasons of clarity could be considered.

France. Subparagraph 2: In the interests of clarity, subparagraph 2 might be divided into two clauses. The first would include the first sentence concerning the planned objective, namely, that cooperatives should be treated on terms no less favourable than those accorded to other forms of enterprise and social organization. The second clause would contain the other two sentences concerning recommended support measures. In the French version, the word *"publics"* should be added after the words *"en matière d'achats"* (changing "procurement" to "public procurement" in the English version).

MEDEF. In subparagraph 3, insert at the beginning of the second sentence the words "In developing countries" and at the end of the subparagraph 2, insert "public" before "procurement" (in the French version: replace "*achat*" by "*achats publics*").

CGT-FO. In subparagraph 2, the phrase "social and public policy outcomes" gives rise to confusion. It would in fact be more accurate to refer to "economic policy in the social sphere, such as employment promotion".

Italy. Subparagraph 2: This should be subdivided into several clauses and the expression "*en matière d'achats publics*" should be adopted. In reality, private "*achats*" are inconceivable.

LEGACOOP, CONFCOOPERATIVE, AGCI. In subparagraph 2, the present wording is more appropriate than the proposed amendment "... *en matière d'achats publics*".

Japan. Paragraphs 6 and 8 provide mainly for specific measures for cooperatives. Paragraph 7, on the other hand, sets out the idea on which promotion of cooperatives should be based. If necessary, the order of the paragraphs should be reshuffled in order to clarify the position of Paragraph 7.

Subparagraph 2 should not be subdivided. The second and third sentences in this subparagraph exemplify and identify the idea of the first. The objectives and roles of private corporations and cooperatives are different, and it is not necessarily possible to treat cooperatives on equal terms with other forms of enterprise. The words "where appropriate" should therefore be inserted in the first sentence.

Subparagraph 3: The words "increasing women's participation" should be replaced by the words "gender mainstreaming".

NIKKEIREN. In subparagraph 2, preferential treatment of cooperatives should be avoided to ensure a "level playing field" for all economic actors. The second sentence should therefore be changed to "Support measures should be introduced, where appropriate, for the activities of cooperatives and other private-sector organizations ...".

Kuwait. There is duplication in the formulation of Paragraphs 6(b) and 7(2). It may be preferable to retain one of them only.

Lebanon. Subparagraph 2: No objection to dividing this subparagraph into several clauses, or to adopting the Office suggestion concerning the use of the expression "*en matière d'achats publics*" in the French version.

Subparagraph 3 should be reworded as follows: "Special consideration should be given to increasing women's participation in the cooperative movement without distinction and at all levels."

Lithuania. CLI. Subparagraph 2 should be left unchanged.

LUCC. See comments on Paragraph 4.

Mexico. The suggestion of the Office concerning Paragraphs 6 and 7 present no problems, since they are simply drafting changes. The proposal of the Office to divide the last part of subparagraph 2 of Paragraph 7 is also acceptable. Paragraph 7 could be divided as follows:

(1) The promotion of cooperatives guided by the values and principles set out in Paragraph 3 should be considered as one of the objectives of national and international economic and social development.

(2) Cooperatives should be treated on terms no less favourable than those accorded to other forms of enterprise and social organization.

(3) Support measures should be introduced, where appropriate, for the activities of cooperatives that meet specific social and public policy outcomes such as employment promotion or the development of activities benefiting disadvantaged groups or regions.

(4) Such measures could include, among others and in so far as possible, tax benefits, loans, grants, access to public works programmes and special procurement provisions.

(5) Special consideration should also be given to increasing women's participation in the cooperative movement at all levels.

Morocco. FCCISM. Proposes that the term "*achat*" in the French version should be kept. The term "*achats publics*" might be linked with certain provisions of legislation on public/government procurement, in particular eligibility criteria (including technical aspects and taxation issues). This is because certain categories of commercial enterprise may have particular advantages due to the nature of their activities or arising from agreements concluded with the State which cannot be extended to cooperatives.

New Zealand. Subparagraph 1: Cooperatives should be promoted as a means of engendering economic and social development where it is necessary and advantageous to do so. The means by which this may be done will vary considerably between countries, between industries and between enterprises of different sizes.

New Zealand supports the proposed text.

Subparagraph 2: There should be no legal disincentives to the creation and operation of cooperatives, nor should the law unduly favour cooperatives over other forms of enterprise.

Financial incentives – such as tax concessions or government grants – should be available to enterprises on the basis of their desirability for positive social or economic outcomes, rather than their enterprise structure.

Subparagraph 2 does not need to be subdivided for reasons of clarity.

New Zealand supports the proposed text.

Nigeria. Subparagraph 2 should be subdivided into several clauses for reasons of clarity.

Norway. Subparagraph 2: We support the call for cooperatives to be treated on terms no less favourable than those accorded to other forms of enterprise and social organization. We also refer to Paragraph 1, which states that the Recommendation applies to all types and forms of cooperatives.

NHO. Reference is made to the various provisions in the text concerning proposals for special measures for the promotion of cooperatives. One issue that arises naturally in this connection is the assessment of cooperatives versus other forms of business organization in a competition law perspective.

Advantages should be granted to cooperatives on the following grounds: they can represent a competitive corrective to the dominant position of other forms of business organization in a market; based on user benefit and/or overall social benefit, they contribute to more efficient resource use than other forms of business organization; they have built-in efficiency requirements that maximize members' benefits, thereby

reducing the need for external competition for the individual member; they perform tasks that other players in the economy or community do not wish to perform, or may be required to perform particular tasks by the authorities, for example market regulation.

The purpose of the cooperative's overall activity, along with the expected benefit for the members and/or the community as a whole, should probably be stated along the lines indicated. The form of business organization alone, without documented objectives and effects, is unlikely to justify special treatment.

In the light of this, consideration should be given to splitting subparagraph 2 in order to bring forth more clearly the principle of equal treatment on a "level playing field" and, where necessary, special treatment where cooperatives perform special tasks with special objectives and clearly defined members' benefits and/or overall benefits for society.

A new concluding phrase is proposed for subparagraph 3: "this being especially important at leadership levels".

Portugal. The Government agrees with the proposal to subdivide this Paragraph into several clauses so that the various points can be more clearly grasped. In subparagraph 2, it is not necessary to replace the words "special procurement" with the words "State procurement", since that would to some extent be restricting cooperative activity.

CIP. Subparagraph 1: The Recommendation should not include such explicit detail regarding the principle that the promotion of cooperatives, as stipulated, must be one of the national and international objectives of economic and social development. This principle is vague and imprecise. Moreover, social and economic development as such is an objective to be pursued nationally, and so it naturally falls within the purview of members to determine the system and models to be adopted for this purpose.

Subparagraph 2: Cooperatives must be treated on the same footing as other forms of enterprise and social organization. Hence, the Recommendation must confine itself to setting out the general principle. Therefore, the provisions of this Paragraph are not acceptable.

Slovakia. See comments on Paragraph 4.

South Africa. BSA. The relevant wording in subparagraph 2 should be "... for the activities of cooperatives and other private-sector organizations that meet specific ...".

Spain. Subparagraph 2: This subparagraph, referring to the various support measures, should be subdivided.

Sweden. Subparagraph 2 should be worded as follows: "Cooperatives should be treated on terms no less favourable than those accorded to other forms of enterprise and social organization. Support measures could be introduced, where appropriate and on equal and comparable terms with those afforded to other forms of enterprise, for the activities of cooperatives that meet specific social and public policy outcomes such as employment promotion or the development of activities benefiting disadvantaged groups or regions."

Switzerland. The State's task ends with the provision of legal provisions that meet the specific needs of the economic actors. In this respect, company law does not favour one type of company over another.

Subparagraph 2: For the sake of clarity, subparagraph 2 should be divided into several clauses.

UPS. Subparagraph 2: The role of the State should be confined to ensuring a favourable environment for the economic activities of cooperatives and of any other form of enterprise. There should not be any reference to "support measures" in subparagraph 2, which should be reduced to its first sentence. If, however, reference is to be made to "support measures", the text of the third line of subparagraph 2 should be amended by the addition after "cooperatives" of the words "and other private-sector organizations". There is no reason to disadvantage other forms of enterprise by comparison with cooperatives and there should be equality of treatment in this respect.

United States. Subparagraph 2: The third sentence contains a list of possible measures that may be adopted with respect to cooperatives. This sentence should be deleted because it may be considered incomplete by some, and will inevitably become outdated over time. If the Committee decides that it should remain, it would appear to belong under Paragraph 8.

USCIB. Subparagraph 2: This subparagraph is ambiguous because its first sentence can be read as an introduction to the remainder of the Paragraph providing a non-discriminatory standard for the treatment of cooperatives in relation to other forms of enterprise and social organization. The ambiguity is created by the specific reference in the second sentence to cooperatives but not to other private-sector organizations. That ambiguity should be removed by inserting the phrase "and other private-sector organizations" in the second sentence after the word "cooperatives", the remainder of the text remaining unchanged. This amendment is important because of the principle implied in the first sentence of a "level playing field" among all economic actors.

Office commentary

Subparagraph 2 has been divided to create subparagraphs 2 and 3, to take account of the majority of comments received. In addition, the words "*en matière d'achat*" in the French version have been replaced by the words "*en matière d'achats publics*", reflecting the great majority of comments received. However, the Office suggests consideration be given to replacing the term "*achats publics*" with "*marchés publics*", and to replacing "procurement" with "tender" in the English version, since this might more accurately reflect the objective of the sub-clause.

Several employers' organizations have suggested that the words "and other private-sector organizations" should be inserted after the words "for the activities of cooperatives" in subparagraph 2. The Office has not amended the text in line with this proposal, which is for the Conference to consider if it so wishes.

In response to a proposal by the NHO of Norway, the Office has added the words "in particular at management and leadership levels" at the end of the new subparagraph 4.

The Paragraph as amended appears as Paragraph 7 of the proposed Recommendation.

8. (1) National policies should, inter alia:

(a) promote ILO core labour standards and the Declaration on Fundamental Principles and Rights at Work for all workers in cooperatives without distinction whatsoever, and ensure that cooperatives are not set up for, or directed at, non-compliance with labour laws or used to establish disguised employment relationships;

(b) promote gender equality in cooperatives and in their work;

(c) develop the technical and vocational skills, entrepreneurial and managerial abilities, knowledge of business potential and general economic and social policy skills of members, workers and managers, and improve access to information and communication technologies;

(d) promote education and training in cooperative principles and practices, at all appropriate levels of the national education and training systems, and in the wider society;

(e) promote the adoption of measures which provide for safety and health in the workplace, and for training and other forms of assistance to improve the level of productivity of cooperatives and the quality of goods and services they produce;

(f) facilitate access to credit for cooperatives;

(g) facilitate access of cooperatives to markets;

(h) promote the dissemination of information on cooperatives; and

(i) seek to improve national statistics on cooperatives with a view to the formulation and implementation of development policies.

(2) Such policies should:

(a) decentralize to the regional and local levels, where appropriate, the formulation and implementation of policies and regulations regarding cooperatives;

(b) define legal obligations concerning cooperatives in areas such as registration, financial and social audits, and the receipt of licences; and

(c) promote best practice on corporate governance in cooperatives.

Observations on Paragraph 8

Australia. In subparagraph 1(e), "safety and health" in the workplace is a distinct component separated from "training and other forms of assistance" by a comma. These two components relate to separate and unrelated subject matters. For the sake of clarity it would be preferable to separate the two components by adding a separate new clause for the second component ("promote the adoption of measures which provide for training and other forms of assistance"). This would also make it clear that the reference to improving productivity and quality applies only to the second component.

Austria. Subparagraph 1(e): In principle, there is no objection to the establishment of a link between worker protection and productivity. Improving safety and health in the workplace generally results in a rise in productivity. However, there are objections to the way this link is expressed here. Measures to improve safety and health in the workplace should not be provided merely to increase productivity. Worker protection is valuable in itself, not just because of the need to achieve productivity. Improvements in safety and health in the workplace reduce the risk of occupational accidents and diseases and are thus justified on operational grounds, as well as economic grounds (reduction of costs arising from treatment of accident victims, health care, training, etc.) and above all social policy grounds. Keeping the risk of occupational accidents and diseases down increases the quality of work and thus job satisfaction,

improves the work environment, and prevents or reduces the social and human effects of physical, psychological and mental stress. Worker protection is thus also an important basis for the realization of decent work.

In the light of the above, the following wording is proposed:
"8. (1) National policies should, inter alia:
...
(e) promote the adoption of measures which provide for safety and health in the workplace, in order to
– improve the quality of work and minimize the human effects of occupational accidents and diseases, on the one hand, and
– improve the level of productivity of cooperatives and the quality of goods and services they produce, on the other."

ÖGV. The policies described in subparagraph 2, if applied in countries where there is already a high level of legislative regulation, could also lead to existing regulations being further tightened.

Why policies should promote "best practice on corporate governance in cooperatives" is not clear. This is presumably important because of the labour market situation in some countries, as became clear from the previous discussions.

BAK. Subparagraph 1(e): In principle, there is no objection to the establishment of a link between worker protection and productivity. Improving safety and health in the workplace generally results in a rise in productivity. However, there are objections to the way this link is expressed in clause (e).

The current text reads: "National policies should, inter alia [...] (e) promote the adoption of measures which provide for safety and health in the workplace, and for training and other forms of assistance to improve the level of productivity of cooperatives and the quality of the goods and services they produce;". Measures to improve safety and health in the workplace should not be provided merely to increase productivity. Worker protection is valuable in itself, not just because of the need to achieve productivity. Improvements in safety and health in the workplace reduce the risk of occupational accidents and diseases and are thus justified on operational grounds as well as economic grounds (reduction of costs arising from treatment of accident victims, health care, training, etc.), and above all social policy grounds. Keeping the risk of occupational accidents and diseases down increases the quality of work and thus job satisfaction and improves the work environment, and also prevents or reduces the social and human effects of physical, psychological and mental stress.

Worker protection is thus, in the view of the Federal Chamber of Labour, also an important basis for the realization of decent work. Member States should therefore take measures that provide for safety and health in the workplace, to improve the quality of work and minimize the human effects of occupational accidents and diseases, while at the same time improving productivity and the quality of goods and services. Clause (e) should be divided into two, or worded in an unambiguous manner.

Benin. In subparagraph 1(e), a link should be established between occupational safety and health and productivity, given that the latter depends on safety and health in the workplace.

Brazil. Subparagraph 1(e) could be subdivided, as follows: "adopt measures which guarantee the application to all cooperative members of standards of safety and health at the workplace; promote the adoption of measures which guarantee the level of productivity of cooperatives and the quality of goods and services they produce".

The Social Democracy Union (SDS) has suggested that at the next session of the Conference, a provision of the Recommendation should be proposed for discussion that would guarantee members of work cooperatives, who are workers, the basic rights afforded to workers in an employment relationship, in order to eliminate the possibility of jeopardizing the rights of cooperative members, who are in most cases exploited by sham cooperatives that do not adhere to cooperative principles and values.

Cameroon. Establish a link between occupational safety and health and productivity, since good conditions of work, which lead to better protection of safety and health at work, ensure better productivity. Moreover, one of the prime objectives of cooperatives is to ensure members' well-being. It is therefore out of the question for a cooperative, which is an essentially social enterprise, to focus solely on the productivity aspect. The latter is closely linked to occupational safety and health.

Canada. The link between occupational safety and health and productivity is sufficiently clear and no change is needed.

Cyprus. Subparagraph 1(e) should be divided into two because it addresses two different issues, i.e. occupational safety and health and productivity.

PEO. In subparagraph 1(e), although there is a relative mutual influence between measures to promote occupational safety and health and measures to improve productivity, it would be more appropriate to make a clear reference to each of these two objectives in two separate sub-clauses.

Ecuador. CAPEIPI. Governments are missing out on a great opportunity to serve their people effectively simply because they are unaware of this system, which tends to redistribute wealth by creating micro-enterprises and small and medium-sized businesses. It unites groups of similar producers, not only in the methods of producing and marketing their products, but primarily by raising standards of living through training and financing to promote cooperative activities, thereby generating greater real demand.

This way of seeing the cooperative movement would allow governments to democratize credit, because uniting small producers (urban and rural) can make them creditworthy and allow them to obtain resources for their investments and occupations. In addition, the system encourages socio-economic mobility because it gradually changes the cooperative community into a community of owners instead of workers. In this way, through the philosophy of mutual help and their own efforts, governments can ensure development of the sector and facilitate th creation of independent businesses, which can become a cornerstone of the national economy, based on the organized community sector, in accordance with the country's constitutional mandates which guarantee freedom of association and self-management.

The proposed national policies appear to be viable. However, it is important to ensure that they are implemented as soon as possible for the benefit of the country and its people.

Estonia. In subparagraph 1(e), a link should be established in the text between occupational safety and health and productivity.

Finland. Subparagraph 1(e) addresses the issues of occupational safety and health and productivity without establishing a clear link between them.

Numerous research findings indicate that effective occupational safety and health measures do correlate with productivity, but is difficult to verify the causal relationships in different types of enterprises.

Good occupational safety and health services are intrinsically valuable and deserve to be mentioned as a desirable goal in their own right

France. Subparagraph 1(a): The editorial amendment does not appear to be very felicitous. The following wording is proposed for the second part of the sentence: "and ensure that the setting up of cooperatives is neither aimed nor directed at non-compliance with labour laws or used to establish disguised employment relationships".

Subparagraph 1(e): This deals with two different and unrelated issues. The current wording results, firstly, from amendment D.154 which was submitted for Point 9 (this was not adopted but was retained for Point 14) and, secondly, from amendment D.114. The latter amendment was prompted by a concern to supplement Point 14(1), clause (c) of which was initially drafted in very succinct terms. However, following the discussions, it was extended to the point where the provisions of amendment D.114 included in clause (e) appear to duplicate those of clause (c). Improving productivity and the quality of goods and services produced comes under the objective set forth in clause (c), i.e. to "develop the technical and vocational skills, entrepreneurial and managerial abilities". The second part of the sentence in clause (e) could therefore simply be deleted.

CGT. Should be left as it stands.

India. It would be useful to link occupational health with productivity

Italy. Subparagraph 1(a): A reference to employees, self-employed and members of cooperatives should be added to ensure that the core labour standards promoted by this Recommendation are compatible with these different forms of labour. There is no doubt that the role of the working member, especially as co-owner, in the management of the enterprise cannot be governed by the same standards as employees of the same cooperative.

Subparagraph 1(e): The proposed wording seems appropriate, since the text should ensure that there is a link between high productivity and safety and health in the workplace.

Japan. Subparagraph 1(e) should be subdivided. Productivity and quality of goods cannot be improved solely through measures for safety and health in the workplace and education and training.

Subparagraph 1(b): A further alignment is required to avoid duplication of the similar provision found in Paragraph 7(3).

Subparagraph 1(d): In view of the ILO's mandate, the coverage of education and training should be limited to employees of cooperatives, in conformity with Paragraph 16. This should enable many member States to apply the Recommendation.

Subparagraph 1(f): The clause should be deleted: it is difficult to find a clear link between cooperatives' access to institutional finance and the ILO's mandate. Not only institutional finance has an impact on the nature of cooperatives such as the health of their management but also the financial market system itself. It is not appropriate therefore to refer to cooperatives' access to institutional finance here.

JTUC-RENGO. Subparagraph 1(d): Supports the original Office text, which should cover all the workers concerned, not only employees.

Subparagraph 1(f): Supports the Office text. See comment on Paragraph 4.

Lebanon. Subparagraph 1(a) should be reworded as follows: "promote ILO core labour standards embodied in the Declaration on Fundamental Principles and Rights at Work". This suggestion stems from the fact that the core labour standards are those contained in the ILO Declaration on Fundamental Principles and Rights at Work. Does the Declaration, according to clause (a), have an independent status from the ILO core labour standards? In addition, add after the phrase "without distinction whatsoever" the following phrase: "and within the framework of the State's general policy".

In subparagraph 1(e), add the phrase "within the limits of available possibilities" at the end. Although there is a link between productivity and occupational safety and health, this clause should be divided into two sub-clauses, given that the second part deals with subjects related to the quality of goods and services produced by cooperatives.

In subparagraph 2(b), the phrase "financial and social audits" should be changed to "financial audits and social evaluation".

Lithuania. CLI. In subparagraph 1(e), a link should be established in the text between occupational safety and health and productivity, since occupational safety and health promotes high work productivity.

Mauritius. Subparagraph 1(e): Occupational safety and health is one of the essential elements in the production chain. In view of the vital importance of both safety and health and productivity, the clause should be divided into two and both subjects considered separately.

Mexico. Subparagraph 1(e): The following wording is suggested: "(e) promote the adoption of measures which provide for safety and health in the workplace, as well as training and other forms of assistance to improve the level of productivity of cooperatives and the quality of goods and services they produce".

Morocco. FCCISM. The link between occupational safety and health and productivity should be retained. The proposal to subdivide the Paragraph is not appropriate.

New Zealand. New Zealand believes that the instrument could usefully suggest examples where experience has shown that specific policies and practices are helpful, but it should not prescribe such measures as being necessary. This would allow member States to adopt the mix of measures best suited to their circumstances.

New Zealand supports the proposed text.

Clause (e) does not need to be amended. It is not necessary to divide the clause into two or to establish a more explicit link between occupational safety and health and productivity.

New Zealand believes that there should be no legal disincentives to the creation and operation of cooperatives, nor should the law unduly favour cooperatives over other forms of enterprise.

New Zealand supports the proposed text.

BNZ. Business New Zealand notes the New Zealand Government's comment in relation to subparagraph 2, namely, that "there should be no legal disincentives to the creation and operation of cooperatives, nor should the law unduly favour cooperatives over other forms of enterprise". In the view of Business New Zealand, this is a useful statement of the necessary approach to the promotion of cooperatives and, to the extent that the Recommendation adopts this approach, agrees with the Government.

Nigeria. In subparagraph 1, a clear link should be made between occupational safety and health and productivity.

Panama. The clause should be divided into two in order to deal with health and safety separately.

Poland. NCC. Subparagraph 1(a) here and clauses (a), (c) and (e) in Paragraph 15 should indicate that the provisions concern not only employees of cooperatives, but also cooperative members who become self-employed through the offices of cooperatives.

Portugal. The Government does not consider it necessary to divide clause (e) into two, as proposed by the ILO. The text should be left as it stands, since the factors relating to safety and health and training all work towards the same objectives of productivity and quality.

CIP. In subparagraph 2, the specific details of measures and objectives to be included in national policies in this regard are not acceptable and have no place in the Recommendation.

Slovakia. In subparagraph 1(a), after "promote ILO core labour standards and the Declaration on Fundamental Principles and Right at Work for all workers in co-operatives without distinction whatsoever", add "(employed, self-employed and cooperative members)", in order to make sure that any "core labour standards" that may be promoted by this Paragraph are compatible with these different working situations.

South Africa. Subparagraph 1(e) should be divided into two.

Spain. Subparagraph 1(e): The clause should be divided between occupational safety and health and productivity, given that these aspects merit separate treatment.

Sweden. In subparagraph 1(e), the first of the two alternatives proposed by the Office is preferred and the text of the Recommendation should be amended to give questions of health and safety at work a more specific and prominent position. It should therefore be possible for subparagraph 1(e) to be divided into two sub-clauses, one dealing specifically with "safety and health in the workplace", the other addressing "productivity and quality of goods and services".

Switzerland. Clause (e) in subparagraph 1, which concerns safety and health in the workplace and productivity, should be divided into two.

UPS. There is no need in this instrument to emphasize social policies and labour standards in cooperatives. These aspects should be covered by the national legislation of member States and through international Conventions already ratified by them. The objective of this Recommendation should be the promotion of cooperatives. In that light, clauses (a) and (b) of subparagraph 1 seem superfluous.

United Kingdom. Subparagraph 1(e) should be divided into two; this would provide clarity and greater emphasis to both issues.

United States. In subparagraph 1(a), a requirement that "National policies should ... promote implementation of the Declaration on Fundamental Principles and Rights at Work ..." would be sufficient.

Subparagraph 1(b): The substance of this provision is already contained in Paragraph 7(3). It seems unnecessary to restate the principle here.

Subparagraph 1(c): No comments upon this provision as presently drafted.

Subparagraph 1(d): The simpler version contained in Report V (2) "... promote education in cooperative principles and practices ..." is preferred.

Subparagraph 1(e): If the Committee considers it appropriate to retain these references, the clause should be divided into two. As currently drafted, the two concepts are not linked. To create a link by addressing safety and health only as it relates to productivity and quality, or vice versa, would unnecessarily limit the breadth of both subject areas. It would be preferable for the second half of the clause to be separated from the first to read as follows: "(e) promote training and other forms of assistance to improve the level of productivity of cooperatives and the quality of goods and services that they produce;" and "(e)(bis) promote the adoption of measures which provide for safety and health".

Subparagraph 1(f)-(i): No comments on these provisions as currently drafted.

Subparagraph 2(a): No comments on this provision as currently drafted.

Subparagraph 2(b): The change in language, from "limiting" the legal obligations of cooperatives [with respect to certain areas] to the same extent as is required by national law of any other form of enterprise, to simply "defining" legal obligations concerning cooperatives [with respect to certain areas] opens the door to more onerous regulatory provisions for cooperatives than apply to other businesses. Further, the term "social audits" is not defined. A government requirement for a social audit could interfere with the autonomous, democratic decision-making of cooperatives if it were a separate requirement from the general law applying to all businesses. The Office text on this point contained in Report V (2) was more favourable to cooperatives.

Office commentary

For the sake of greater clarity, the Office has divided clause (a) in subparagraph 1 into two separate clauses (a) and (b).

In response to the majority of comments received, subparagraph 1(e) has been divided into two distinct clauses. While most government replies acknowledge the existence of a link between safety and health and productivity, many of them feel that safety and health at the workplace has an intrinsic value per se, and not only in relation to productivity.

In response to the proposal of the Government of the United States, and for the sake of consistency with other provisions of the instrument, the Office has amended subparagraph 2(b) as follows: "limit the legal obligations of cooperatives to the same extent as required by national law of any other form of enterprise in areas such as registration, financial and social audits, and the obtention of licences".

The Paragraph as amended appears as Paragraph 8 of the proposed Recommendation.

9. Governments should promote the important role of cooperatives in transforming what are often marginal survival activities (sometimes referred to as the "informal sector") into legally protected work fully integrated into mainstream economic life.

Observations on Paragraph 9

India. Remove the term "marginal", as the informal sector's activities are central to many economies, not marginal.

New Zealand. New Zealand supports the proposed text.

Office commentary

The Paragraph without amendments appears as Paragraph 9 of the proposed Recommendation.

III. Implementation of policies for the promotion of cooperatives

General observations on Part III

Mexico. Include a Paragraph indicating that a link is necessary between higher education and applied research institutions and cooperative enterprises to improve the productivity and competitiveness of the latter.

Morocco. Other suggested measures: define the relevant instruments for promoting the establishment and development of cooperatives; clearly specify what action the authorities should take to promote the growth and development of cooperatives; develop a contractual policy between the State and the various components of the social economy, in particular cooperatives; enable cooperatives to organize and offer their own services without similar or competing services being offered by public or subsidized establishments; promote the establishment of cooperatives in the informal sector as a means of organizing that sector; emphasize the importance of extending social security coverage to employees of cooperatives; raise awareness in the financial sector with a view to providing new mechanisms dedicated to cooperatives; incorporate new information and communication technologies in the various cooperative structures by providing the latter with the necessary technical resources; devise specific training programmes in training centres concerning new management and monitoring tools for the development of cooperatives; provide in-service training for representatives and employees to help cooperatives to establish a firm footing in the market, expand and display greater professionalism; and encourage the establishment of cooperatives in sectors having substantial added value and considerable capacity for job creation.

10. (1) Specific legislation on cooperatives, which is guided by the cooperative values and principles set out in Paragraph 3, should be adopted and should be revised when appropriate.

(2) Cooperative organizations, as well as the employers' and workers' organizations concerned, should be consulted in the formulation and revision of legislation relevant to cooperatives.

Observations on Paragraph 10

Australia. In subparagraph 1, the word "legislation" normally covers both primary and subordinate legislation, although adding the word "regulations" may make their inclusion more transparent.

In subparagraph 2, "applicable" seems more appropriate than "relevant".

Austria. It is important that the rights of workers', employers' and cooperative organizations to be consulted be set out in all significant national provisions on cooperatives, whether in legislation or other regulations. In both subparagraphs 1 and 2, the term "legislation" should therefore be replaced by " regulations and legislation". This would prevent member States from circumventing the right of consultation in cases where important provisions on cooperatives are not based on legislation.

Subparagraph 2: As to whether the wording "relevant" should be replaced by "applicable", both words have more or less the same meaning. The everyday meaning of the former is, however, probably broader, and would therefore be preferable in making cooperatives' right of consultation comprehensive.

BAK. It is important that the right of workers', employers' and cooperative organizations to be consulted be set out in all significant national provisions on cooperatives, whether in legislation or in other regulations. In that respect, in both subparagraphs 1 and 2, the word "legislation" should be replaced by "regulations and legislation". This would prevent member States from circumventing the right of consultation in cases where important provisions on cooperatives are not based on legislation.

As to whether the wording "relevant" should be replaced by "applicable", both words have more or less the same meaning. The everyday meaning of the former is, however, probably broader, and would therefore be preferable in making cooperatives' right of consultation comprehensive.

Barbados. The existence of legislation implies some form of regulations, hence there is no pressing need for a specific reference to regulations. Given the trend toward greater self-regulation it should be left to member States to make their own determination in this regard.

Benin. Subparagraph 1 should refer to "legislation and regulations", since regulatory texts complement the law by explaining how it must be applied.

In subparagraph 2, the word "*relative*" in the French text and "relevant" in the English version should be replaced by "applicable".

Cameroon. Keep "regulations and legislation", not just "legislation"; keep "applicable", not "relevant".

Canada. Subparagraph 1: Although in Canada, legislation includes regulations, there is no objection to the Office's proposal to add "regulations" here.

Subparagraph 2: Canada agrees with using the word "applicable" as suggested by the Office (to replace "relevant"). If "regulations" is added to subparagraph 1, it should also be added here for consistency.

Cyprus. In subparagraph 1, a reference to "regulations and legislation", rather than just "legislation", is preferable.

In subparagraph 2, the word "relevant" should be replaced by the word "applicable".

PEO. Subparagraph 1: A reference to "regulations and legislation" should be included.

Subparagraph 2: Replace "relevant" with "applicable" for the sake of consistency with subparagraph 1. For the same reason, the text should include a reference to "regulations and legislation", rather than just "legislation".

Estonia. Subparagraph 1: Supports the inclusion of a reference to "regulations and legislation".

Finland. Subparagraph 1 should refer to "legislation" only.

France. In subparagraph 1, the term "legislation" could be replaced by "regulations", since in its broad sense the latter term includes the provisions of both laws and other regulations.

Subparagraph 2: It does not seem particularly appropriate to replace the word "relevant" with the word "applicable", given that the consultations recommended concern both the formulation and the revision of legislation. Moreover, legislation "applicable" to cooperatives is broader in scope than legislation which is only "relevant" to cooperatives, which, like any other enterprise, are subject to other provisions such as those on health and safety.

CGT-FO. This is not for the Recommendation to determine, but is a matter for each country to decide according to its wishes and prerogatives.

India. In subparagraph 1, the word "legislation" should be replaced by the words "legislation and regulations".

In subparagraph 2, the words "legislation relevant to" could be replaced by the words "legislation and regulations applicable to".

Italy. Subparagraph 1: The two terms "legislation and regulations" can co-exist.

LEGACOOP, CONFCOOPERATIVE, AGCI. It is not clear from the present wording of this Paragraph who should take the necessary measures. It is important to state clearly that member States are actively responsible for taking such measures.

In subparagraph 1, the proposed insertion in this subparagraph of "regulations and legislation" would be acceptable if the subsequent reference to regulations concerned those countries which have no legislation on cooperatives, otherwise it is superfluous.

Subparagraph 2: It is not clear why employers' and workers' organizations should be consulted in the formulation and revision of legislation relevant to cooperatives. Likewise, cooperatives should not be involved in legislation concerning employers' and workers' organizations.

The adjective "applicable" seems more appropriate than "relevant" in the light of the above consideration.

Japan. In subparagraph 1, the term "legislation" should be replaced by the term "legislation and/or regulations", making the Recommendation flexible enough to enable many member States to implement its provisions.

In subparagraph 2, the term "applicable" is more appropriate.

JTUC-RENGO. Subparagraph 1: The term "legislation" is preferable because the adoption of legislation is of fundamental importance. Other measures, such as regulations, orders, etc., should be based on this legislation to avoid giving excessive latitude to member States.

Subparagraph 2: The term "appropriate", which has a more positive and concrete meaning for the promotion of cooperatives, is preferable here.

Lebanon. In subparagraph 1, add the words "and regulations" after "legislation".

In subparagraph 2, add the phrase "when appropriate" after "should be consulted".

Lithuania. LUCC. The Paragraph should contain a list of issues to be included in a cooperative law, including the central question of members' rights and obligations.

Mauritius. Subparagraph 1: Since regulations are made under the provisions of a main cooperative law, the word "legislation" on its own is appropriate.

Mexico. In subparagraph 1, the term "regulations" should be included after "legislation", since in addition to legislation on cooperatives, regulations are required to clarify specific aspects not always explained in the law.

In subparagraph 2, the word "relevant" should be replaced with "applicable".

New Zealand. Subparagraph 1: New Zealand supports the proposed text. It would be useful to refer to "legislation and regulations on cooperatives".

Subparagraph 2: New Zealand supports the proposed text. The word "relevant" should be replaced by "applicable" for consistency.

Nigeria. In subparagraph 1, "regulations and legislation" is more appropriate than "legislation" on its own.

In subparagraph 2, adopt the term "applicable to".

Norway. Subparagraph 1: It can be argued that the existence of special legislation on cooperatives could help to strengthen cooperatives in relation to other forms of business organization. There is no general legislation on cooperatives in Norway today. Consideration should be given to modifying the requirement to adopt legislation on cooperatives.

Subparagraph 2: The Recommendation states that consultation is required in the formulation and revision of legislation relevant to cooperatives. One question that arises is whether this should happen when the legislation is "relevant to" or when it is "applicable to" cooperatives (cf. Point 3 of the Conclusions). A large proportion of legislation is applicable to cooperatives. It is probably the case that cooperative organizations are not necessarily consulted by letter or in other ways during the preparation of such legislation; they are most likely to be invited to express their views only when the legislation in question applies *specifically* to cooperatives. The term "relevant" appears to provide greater scope for discretion as to when cooperative organizations should be consulted, and is therefore more appropriate here than the term "applicable". Interested organizations are naturally free on their own initiative to express views on any legislative initiative if they wish, at any stage in the process.

NHO. The NHO emphasizes the positive aspect of requiring legislation and the legal framework to be based on the nature and function of cooperatives and guided by cooperative values and principles. This ensures a common foundation and a shared understanding of what considerations should be taken into account and what factors should be given emphasis in the formulation of legislation on cooperatives and/or in any adjustment to other (company) legislation.

With reference to the previous version of the proposed instrument and to the situation in Norway (which has no separate cooperative legislation), the NHO endorses the proposed softening of the term "cooperative legislation"; subparagraph 2 now states that organizations concerned should be consulted "in the formulation and revision of legislation relevant to cooperatives". This broadens the provision in relation to the previous reference to (specific) cooperative legislation.

Panama. In the formulation and revision of legislation relevant to cooperatives, consultations should be held specifically with cooperative organizations, irrespective of whether they consist of employers and/or workers, as they are the ones with the best knowledge of the subject.

Portugal. In subparagraph 1, the Government considers that the word "legislation" should be retained since it is a broader concept.

CIP. Subparagraph 1: The idea that Members should adopt specific legislation on the subject, based on the values and principles laid down, is not rejected outright. However, it must be left to Members to review their legislation and make any necessary changes.

Subparagraph 2: The Recommendation should include the idea that organizations should be consulted on this issue.

Singapore. Subparagraph 2: There is a potential conflict of interests between employers' organizations and cooperatives, since employers' organizations often view cooperatives as potential competitors in the marketplace. The words "where relevant or appropriate" should therefore be included in this subparagraph.

Slovakia. The Paragraph should contain a list of issues to be included in a cooperative law, including the central question of members' rights and obligations.

South Africa. Subparagraph 1: Regulations and legislation go together, so this subparagraph should refer to "regulations and legislation".

Subparagraph 2: Reference should be made to regulations and legislation that are "applicable". This will also make the subparagraph more consistent with subparagraph 1.

Spain. In subparagraph 1, the reference to "legislation" should be left unchanged, in line with subparagraph 2.

Subparagraph 2: the word "*relativa*" in the Spanish text should be replaced with the word "*aplicable*" ("applicable", replacing the word "relevant" in the English version), in order to pinpoint specifically the legislation that affects cooperatives.

Sweden. In subparagraph 1, the tripartite ILO Committee favours a reference to "legislation and regulations".

In subparagraph 2, the Committee prefers the word "applicable".

Switzerland. In subparagraph 1, the reference should be to "legislation" only.

In subparagraph 2, "relevant" should be replaced by "applicable".

United Kingdom. With regard to subparagraph 1, detailed discussion will be useful in forming a view on the inclusion of a reference to "regulations".

United States. In response to the Office's request for specific comments on subparagraph 1, the United States prefers a reference to "legislation" only, rather than "regulations and legislation", because national systems may vary with respect to whether regulations are adopted in addition to legislation. With respect to subparagraph 2, the term "applicable" is preferable to the term "relevant".

AFL-CIO. The term "regulations and legislation" in subparagraph 1 accurately reflects the Government's role in providing an enabling environment, in keeping with Paragraph 6.

Office commentary

The great majority of comments are in favour of replacing the word "legislation" by the words "legislation and regulations" in subparagraph 1. The Office has made the corresponding amendment in this subparagraph and, for the sake of consistency, in subparagraph 2.

Almost all comments support the replacement of the word "relevant" in subparagraph 2 by the word "applicable". The corresponding amendment has been made.

The Paragraph as amended appears as Paragraph 10 of the proposed Recommendation.

11. (1) Cooperatives should have access to support services in order to strengthen their business viability and their capacity to create employment and income.

(2) These services should include, wherever possible, the following:
(a) human resource development programmes;
(b) research and management consultancy services;
(c) access to finance and investment;
(d) accountancy and audit services;
(e) management information services;
(f) information and public relations services;
(g) consultancy services on technology and innovation;
(h) legal and taxation services; and
(i) other services that support cooperatives operating in specific economic sectors.

(3) Governments should facilitate the establishment of these support services. Cooperatives and their organizations should be encouraged to participate in the organization and management of these services and, wherever feasible and appropriate, finance them.

Observations on Paragraph 11

Canada. CEC. The provision and financing of the extensive list of support services enumerated in subparagraph 2 is unclear. Amendments are required in this subparagraph and in Paragraph 12 to make it clear that governments' role is exclusively one of facilitation – not financing – of such services.

Ecuador. CAPEIPI. The proposed policies really can strengthen the development of cooperatives. However, it is appropriate here to mention the issue of competitiveness, involving a real and sustained transformation of the cooperative system, since everything is constantly changing. We therefore suggest that new services leading to the growth and development of cooperatives should also be taken into account, such as: import procedures; export procedures; advice on capturing markets; advice on trade negotiations; project preparation; implementation of personnel administration policies; advice on project financing; technical advice on improving production quality; advice on tax, legal, financial and accounts management; advice on obtaining, employing and collecting resources; advice on financial markets, covering the role of the financial sector, different interest rates, aspects of competition, interest rates and savings, and supervision and control of state agencies.

Subparagraph 3: With respect to supervision, this should be in accordance with financial market mechanisms, mainly through indirect guidelines and regulations which influence conduct and decisions at the management and decision-making level

in institutions, without affecting the independence of the enterprise. This will protect savers, ensure the functioning of the financial market and ensure that failures of the financial market do not affect the macroeconomic situation.

The collapse of local banks, where lack of control and corruption has led to their demise, is well known. However, it should be noted that cooperatives with amounts equal to or greater than those financial entities did not collapse, precisely because there was self-management throughout the cooperative structure.

France, MEDEF. In subparagraph 1, insert at the beginning of the sentence: "In developing countries".

In subparagraph 3, replace "Governments" with the words "The governments of these countries".

Japan. Subparagraph 2(c): With regard to cooperatives' access to institutional finance, it is difficult to find a clear relationship between this and the ILO's mandate. The Japanese Government asks for the Office's comment on this point.

Lebanon. In subparagraph 1, add "as far as possible" after "cooperatives should".

In subparagraph 2, who is responsible for providing the services mentioned here? Is it solely the State?

Lithuania, CLI. In subparagraph 2(g), add the word "education", to read as follows: "consultancy and education services on technology and innovation".

LUCC. In view of the proposed policies (Part II) and implementation of policies (Part III), some means of implementation are missing from Paragraphs 11 and 13. These include: specific oversight structures, possibly involving partnership between governments and cooperative organizations; specific instruments to promote the creation and strengthening of cooperative organizations where these do not exist or are still weak; national and local development institutions and local development centres, possibly coordinated in partnership between government and cooperative organizations.

New Zealand. Subparagraph 1: New Zealand supports the proposed text.

Subparagraph 2: New Zealand believes that, where it is necessary and advantageous to do so, governments should promote and support the establishment of cooperatives. The instrument could usefully suggest examples where experience has suggested that specific policies and practices are helpful, but it should not prescribe such measures as being necessary. This would allow member States to adopt a mix of measures that best meet their circumstances. New Zealand supports the proposed text.

In subparagraph 3, the first sentence should be reworded to read: "Where it is necessary and advantageous to do so, governments should facilitate the establishment of these support services."

BNZ. With regard to Paragraphs 11(3) and 12, Business New Zealand agrees with the Government that it would be better to amend the introductory wording to remove the prescriptive element. Rather than beginning, in the former case, "Governments should facilitate the establishment of" and in the latter, "Measures should be adopted to facilitate", these statements should be qualified in some way, for example, by including the words, "Where it is considered advantageous to do so". Paragraph 11(3) would then read: "Where it is considered advantageous to do so, governments should facilitate the establishment of these support services."

Philippines. As regards access of cooperatives to support services to strengthen business viability, the Magna Carta for Small Enterprise (RA 6977 of 1991) has identified small and medium-sized enterprises (SMEs) as eligible for government technical, financial and administrative assistance. This being the case, it is not really necessary to set up an autonomous system of financing for cooperatives which may distort the market for regular programmes.

Portugal. CIP. Subparagraph 3: The reference to access to support services is too detailed and makes too many stipulations as to their establishment by Members. This provision should not be included.

Slovakia. In view of the proposed policies (Part II) and the implementation of policies (Part III), some means of implementation appear to be missing from Paragraphs 11 and 13. These include: specific oversight structures, possibly involving partnership between government and cooperative organizations; specific instruments to promote the creation and strengthening of cooperative organizations where these do not exist or are still weak; national and local development institutions and local development centres, possibly coordinated in partnership between government and cooperative organizations.

Switzerland. The State's task ends with the provision to the economic actors of legal provisions that meet their specific needs. In this respect, company law does not favour one type of company over another.

United States. In subparagraph 2(a), an amendment is suggested, as follows: "(a) human resource development programmes, including training programmes for the improvement of the entrepreneurial capabilities of members, managers and employees of cooperatives". The earlier wording provides ILO constituents with a concrete example of a human resource development programme.

In subparagraph 3, any such support services should be established on a basis comparable to support services provided to non-cooperative businesses.

Office commentary

The replies indicate a certain divergence of opinion, several comments expressing strong reservations regarding the provision of support services by the State, while others indicate that such support would be justified. Some comments propose additional items for inclusion under the list of support services. In view of the fact that this matter was the subject of much debate during the first discussion, the Office has decided to leave the text unchanged, except with regard to subparagraph 2(i), which has now been reworded for the sake of greater clarity.

In response to the question raised by the Government of Japan, the Office wishes to clarify that "the access to finance and investment" has been included in the proposed Recommendation not because of its relationship with the ILO's mandate, but because of its importance for the economic success of cooperatives. In response to the question raised by the Government of Lebanon, it is the understanding of the Office that support services to cooperatives may be provided by both the State and the private sector.

The Paragraph as amended appears as Paragraph 11 of the proposed Recommendation.

12. Measures should be adopted to facilitate the access of cooperatives to investment finance and credit. Specific measures should:

(a) allow loans and other financial facilities to be offered;

(b) simplify administrative procedures, remedy the low level of cooperative assets and reduce the cost of loan transactions;

(c) facilitate an autonomous system of finance for cooperatives, including savings and credit, banking and insurance cooperatives; and

(d) include special provisions for disadvantaged groups.

Observations on Paragraph 12

Australia. In clause (a), Australia agrees with the substitution of the words "allow loans" for "enable credit", as the word "credit" is adequately covered by "other financial facilities", and the amendment makes it clear that loans are included.

Benin. Clause (c) requires clarification.

Cameroon. "Allow loans" should be retained in clause (a) since it is more concrete.

Canada. CEC. Any references to the provision of financing or capital must make it absolutely clear that support must be given on the same terms as the support made available to other forms of business organization, so as to maintain a "level playing field" for all players and ensure that the principle of autonomy of cooperatives is not compromised (see also comments on Paragraph 11(3)).

Cyprus. PEO. In clause (c), retain "autonomous system of finance".

Ecuador. CAPEIPI. As a matter of urgency, the Government should take the historic decision to ensure that cooperatives have access to credit, with interest rates compatible with the country's economic needs, so that the productive sectors can respond immediately, providing more jobs, increasing national wealth and helping the most needy sections of the population through self-help, self-management and self-responsibility.

Finland. In clause (a), the words "allow loans" reflect more precisely the intention behind the clause. The wording may merit some further discussion.

France. MEDEF. At the beginning of the Paragraph, insert the words "In developing countries".

Italy. LEGACOOP, CONFCOOPERATIVE, AGCI. It is not clear from the present wording who should take the necessary measures. It is important to state clearly that member States are actively responsible for taking such measures.

Japan. This Paragraph should be deleted. It is difficult to find a clear relationship between cooperatives' access to institutional finance and the ILO's mandate. Not only institutional finance has an impact on the nature of cooperatives such as the health of their management but also the financial market system itself. It is therefore not appropriate to refer to cooperatives' access to institutional finance here.

Lebanon. In clause (c), add the following at the end of the clause: "within the framework of laws in force".

Lithuania. LUCC. See comments on Paragraphs 4 and 11.

Mexico. With regard to clause (c), Mexico agrees with the Office definition of "an autonomous system of finance". Paragraph (4)(c) of the Office text states that measures should be adopted to help members "gain access to markets and to institutional finance". This implies that in principle some cooperatives do not have their own finance and therefore require financial support. In this regard, with respect to the role of governments, the proposed Recommendation should contain provisions indicating the temporary nature of government support, to prevent support to cooperatives taking on a permanent character, since such a policy could have adverse results, both for the cooperative movement and for society as a whole. In Paragraph 12(c), it might be understood that the creation of an "autonomous system of finance" would involve the creation of cooperative banks. However, according to the Office definition in Report IV (1), an "autonomous system of finance" implies the capacity of cooperatives to control their own transactions and financial resources. For this reason, it is suggested that the Office explanation be included in Paragraph 12(c), so as to clarify that provision.

New Zealand. New Zealand believes that, where it is necessary and advantageous to do so, governments should promote and support the establishment of cooperatives, including access to investment finance and credit. The instrument could usefully suggest examples where experience has suggested that specific policies and practices are helpful, but it should not prescribe such measures as being necessary. This would allow member States to adopt a mix of measures that best meet their circumstances.

New Zealand suggests that the first sentence of Paragraph 12 be reworded to read: "Where it is necessary and advantageous to do so, measures should be adopted to facilitate the access of cooperatives to investment finance and credit. Specific measures should ...".

Portugal. The Government agrees with the provisions of this Paragraph.

CIP. Any measures to be adopted to facilitate the access of cooperatives to investment finance and credit must come under Members' domestic legislation and not be provided for in the Recommendation.

Slovakia. See comments on Paragraphs 4 and 11.

South Africa. Agrees with clauses (a) and (c).

Sweden. Agrees with clause (a).

United Kingdom. Clause (a): Whether the issue relates to "enabling credits" or "allowing loans" to be offered, cooperatives should be treated as a legitimate form of business organization and, where appropriate, should receive a similar level of support, including access to credit and other funding, to that available to other organizations structured on non-cooperative lines.

Clause (c): The term "autonomous system of finance" should be reworded to make the intention clear, rather than relying on an explanation.

Office commentary

The Office suggests adding the word "notably" after the words "Specific measures should" in Paragraph 12, because the list of measures proposed in this Paragraph is not exhaustive.

In line with several comments asking for a clearer wording of clause (c), the Office has amended the text by integrating elements of the explanation given in Report IV (1).

The Paragraph as amended appears as Paragraph 12 of the proposed Recommendation.

13. For the promotion of the cooperative movement, conditions should be encouraged favouring the development of technical, commercial and financial linkages among all forms of cooperatives in order to facilitate an exchange of experience and the sharing of risks and benefits.

Observations on Paragraph 13

Italy. LEGACOOP, CONFCOOPERATIVE, AGCI. It is not clear from the present wording who should take the necessary measures. It is important to state clearly that this is the responsibility of member States.

Lebanon. Either remove the words "the sharing of risks and benefits", or add the words "if the cooperative statute so stipulates" after those words, given that it is difficult to realize such sharing among cooperatives of different types, forms and objectives.

Lithuania. LUCC. See comments on Paragraphs 4 and 11.

New Zealand. New Zealand believes that national exchanges of information and experience should be encouraged; however, initiatives to develop linkages should come from the cooperative movement itself. Governments have a role in creating an environment conducive to the development of such linkages.

New Zealand supports the proposed text.

Poland. NCC. The means of implementing policies for the promotion of cooperatives should be included (in a new Paragraph 14 or in a continuation of Paragraph 13). These would include: creation of conditions to create and strengthen horizontal cooperative structures, i.e. cooperative organizations (federations), where they do not exist or are still weak, and assistance in creating national institutions and local centres of cooperative development which would act as partners between governments and cooperative organizations.

Portugal. The Government agrees with these provisions.

CIP. The matter of links among all forms of cooperatives should be left to national practice, not included in the Recommendation.

Slovakia. See comments on Paragraphs 4 and 11.

Office commentary

In view of the small number of proposed amendments, the Office has retained the existing wording. The Paragraph without amendments appears as Paragraph 13 of the proposed Recommendation.

IV. Role of employers' and workers' organizations and cooperative organizations, and relationships between them

14. Employers' organizations should consider, where appropriate, the extension of membership to cooperatives wishing to join them and provide appropriate support services on the same terms and conditions as for other members.

Observations on Paragraph 14

Ecuador. CAPEIPI. These suggestions will satisfy both bodies and lead to interaction between them, since it will allow them to grow together by treating a cooperative as a proven social and economic organization which can contribute its experience and infrastructure to the promotion of small industry and micro-enterprises, and by channelling informal-sector activities.

All the organizations concerned with this issue can work together to channel technical assistance and finance to the cooperative sector, which can pass it on to those involved in that activity. They can continue to raise public awareness, inform employers, trade unions and government authorities of the need to strengthen the cooperative system, through a specialized agency, such as a superintendency of cooperatives and a financial structure to allow it better to face this new social challenge.

Lebanon. Since a cooperative is a legal entity comprising a number of physical persons, the question arises as to how it can join an employers' organization: would this be on the basis of individual membership of all the cooperative's members, some of whom are employees while others are employers and members of employers' organizations? Or would cooperative members be considered members of an employers' organization by virtue of the president's membership, and irrespective of their status as employers or employees?

Morocco. FCCISM. At the end of the Paragraph, add the phrase "unless prohibited by the regulations of these organizations".

New Zealand. New Zealand believes that the instrument could usefully suggest what measures employers' organizations might adopt to support and promote cooperatives, but it should not prescribe such measures.

Portugal. CIP. The role of employers' organizations should not be the subject of any provision in the Recommendation.

Office commentary

In view of the few replies received, the Paragraph without amendments appears as Paragraph 14 of the proposed Recommendation.

15. Workers' organizations should be encouraged to:

(a) advise and assist workers in cooperatives to join workers' organizations;

(b) assist their members to establish cooperatives with the aim of facilitating access to basic goods and services;

(c) participate in committees and working groups at the national and local levels to consider economic and social issues having an impact on cooperatives;

(d) participate in the setting up of new cooperatives with a view to the creation or maintenance of employment, including in cases of proposed closures of enterprises;

(e) participate in programmes for cooperatives aimed at improving productivity and promoting equality of opportunity; and

(f) undertake any other activities for the promotion of cooperatives, including education and training.

Observations on Paragraph 15

Australia. Clause (e): Australia considers that productivity and equal opportunity are separate issues and therefore should be treated separately. The clause should be divided into two because the juxtaposition of the two concepts could imply that they are linked.

Austria. Clause (e): By contrast with Paragraph 8(1)(e), productivity and equal opportunities are included here without being directly linked, and without precedence being given to one or the other. For workers' organizations, however, as already indicated in relation to Paragraph 8(1)(e), equal opportunity is naturally more important than productivity, and the order should be reversed ("promoting equal opportunity and improved productivity ...)".

Benin. Clause (e) should be left unchanged.

Cameroon. Productivity and equal opportunity should not be linked, since efficiency should be encouraged alongside equal opportunity.

Canada. Clause (e): Canada agrees with the Office's suggestion to divide this clause into two.

Cyprus. Clause (e) should be divided into two, as it addresses two different issues which are not obviously related.

PEO. Clause (e) should be divided into two.

Ecuador. CAPEIPI. See comments on Paragraph 14.

Finland. Clause (e) addresses both productivity and equal opportunity, without establishing a clear link between them. The idea of dividing the clause into two parts should be considered.

France. Clause (e): This clause should not be divided into two. Instead, the link between the two elements should be clearly established. The clause could be drafted as follows: "participate in programmes for cooperatives aimed at furthering their via-bility by improving their productivity and promoting equality of opportunity among all forms of enterprise".

CGT-FO. Clause (e): Productivity is a permanent concern of all enterprises that set productivity goals applicable to all their workers. Is the intention to include productivity as a criterion for the promotion of equal opportunities in recruitment profiles?

India. Clause (e): This clause, which concerns programmes aimed at "improving productivity and promoting equality of opportunity", should be divided into two separate clauses, as these are separate issues.

Italy. Clause (e): It would be useful to distinguish between the two concepts, even if a link undoubtedly exists between them.

Japan. Clause (e) should be divided into two. Productivity cannot be improved simply by ensuring equality of opportunity.

Lebanon. As regards clause (e), there is no objection to dividing the clause into two parts, one concerning productivity and the other dealing with equality of opportunity.

Lithuania. CLI. Clause (e) should be divided as follows: "(e) participate in programmes for cooperatives aimed at improving productivity; (f) participate in programmes for cooperatives aimed at promoting equality of opportunity; (g) undertake any other services for the promotion of cooperatives, including education and training".

Mauritius. Clause (e) should be divided into two, as "productivity" and "equal opportunity" are two different issues.

Mexico. Clause (e): The phrase "and promoting equality of opportunity" should be moved to clause (d) which would then read as follows: "(d) participate in the setting up of new cooperatives with a view to the creation or maintenance of employment, including in cases of proposed closures of enterprises, as well as the promotion of equality of opportunity".

It is understood that the workers' organizations referred to in this Paragraph are trade unions. Under Mexican legislation, once trade unions are registered, they become legal persons capable of assuming rights and obligations, which is consistent with this part of the report. However, under Mexican law certain restrictions apply to trade unions which could be inconsistent with this Paragraph. For example, trade unions are not permitted to engage in trading for profit.

A paragraph should be included encouraging workers in cooperatives to engage in activities to achieve technological innovation.

Morocco. FCCISM. In clause (e), the link between equality of opportunity and productivity should be kept.

New Zealand. New Zealand supports the proposed text. See also comments on Paragraph 14. New Zealand believes that clause (e) does not need to be amended.

Nigeria. In clause (e), a clear link should be established between productivity and equal opportunity.

Norway. Two new clauses (g) and (h) are proposed, as follows: "(g) facilitate, where possible, childcare services in cooperatives; (h) encourage women to take on leadership positions in cooperatives".

Panama. Agrees with clause (b), but not with the other clauses, since cooperative organizations and workers are governed by different philosophies and principles. In cooperatives, workers own the enterprise, and social or economic issues having an impact on cooperatives should be dealt with by the cooperative members, not by trade union members.

Poland. NCC. In Paragraphs 8(1)(a) and 15(a), (c) and (e), add that these provisions concern not only employees of cooperatives, but also cooperative members who become self-employed through the offices of cooperatives.

Portugal. In clause (e), the Government considers that, in the interests of logic and systematic organization, a distinction must be made between programmes designed to

enhance productivity and those intended to promote equality of opportunity. The clause should accordingly be divided into two.

CIP. The role of trade union organizations should not be addressed in the Recommendation.

South Africa. Clause (e) should be divided into two. Productivity and equal opportunity do not go together.

Spain. Clause (e) should be divided into two parts, one concerning programmes designed to improve productivity and the other concerning those intended to promote equality of opportunity, in line with the observation already made on Paragraph 8.

Sweden. In clause (e), the tripartite ILO Committee favours the second alternative proposed by the Office, namely that "a link should be established in the text between productivity and equal opportunity".

Switzerland. Clause (e) concerns both productivity and equal opportunities, and should be divided into two.

United Kingdom. Clause (e) should be divided into two. This would provide clarity and greater emphasis to both issues.

Office commentary

The vast majority of replies agree that clause (e) of Paragraph 15 should be amended, as no clear link is established in the current text between productivity and equality of opportunity. Clause (e) has therefore been divided into two separate clauses.

Very few other comments were received with regard to Paragraph 15, implying general acceptance of its provisions. It appears as amended as Paragraph 15 of the proposed Recommendation.

16. Cooperative organizations, and in particular their unions and federations, should be encouraged to:

(a) establish an active relationship with employers' and workers' organizations and relevant governmental and non-governmental agencies with a view to creating a favourable climate for the development of cooperatives;

(b) manage their own technical support services, and contribute to their financing;

(c) provide commercial and financial services to affiliated cooperatives;

(d) invest in human resource development of employees;

(e) represent the national cooperative movement at the international level; and

(f) undertake any other activities for the promotion of cooperatives.

Observations on Paragraph 16

Argentina. In clause (d), the words "of employees" should be deleted so as not to give the impression that the scope of the investment by cooperatives in human resource development excludes members of cooperatives.

Australia. Clause (b) encourages cooperative organizations to manage their own technical support services and contribute to financing. Question 12(b) of the original questionnaire contained in Report V (2) on the promotion of cooperatives had sought comments on whether cooperatives should be invited to "finance and manage their own technical support services, including management consultancy, human resource development and external audit". Doubt was expressed as to whether this was feasible, and the addition of the words "where feasible" was proposed. These words do not in fact appear in the proposed Recommendation. Australia suggests that they should be included.

In clause (d), it may be appropriate to change the reference to "employees" to cover "members, workers and managers". Alternatively the reference to "employees" could simply be omitted.

Austria. There is basically no objection to retaining the words "of employees". It should, however, be understood that this includes all workers who are not self-employed, i.e. workers in precarious working conditions (casual workers, fixed-term workers, part-time workers, etc.).

BAK. Shares the Government's view.

Barbados. Clause (d) should include a reference to members of cooperatives. Their training has been badly neglected and no provision is usually made for succession planning. The result is a shortage of suitable management personnel.

Benin. In clause (d), the term "employees" unduly limits the scope of human resource development investments to be made by cooperatives; a cooperative's human resources include its members as well as employees.

Brazil. CNI. In clause (d), delete the words "of employees", in order to avoid restricting the scope of investments that cooperatives may make in human resource development.

Cameroon. Delete "of employees" in clause (d), as this term is restrictive; not all members of cooperatives are employees.

Canada. In clause (d), Canada suggests that "of employees" should be deleted.

CEC. The words "contribute to their financing" in clause (b) are unclear in respect of other contributors to the financing of technical support services. This raises the spectre of governmental or other subsidies and with them the possibility of compromising the important principle of autonomy.

Colombia. ANDI. The wording of clause (d) gives the impression that the scope of investment by cooperatives in the development of human resources is restricted. The words "of employees" should therefore be deleted.

Cyprus. PEO. In clause (d), the words "of employees" should be deleted, since the phrase limits the extent of human resource development investments to be made by cooperatives.

Ecuador. CAPEIPI. Same comments as under Paragraph 14.

France. CGT-FO. Clause (d): To single out employees when investing in human resource development is totally at variance with the underlying logic of the Recommendation, which is the promotion of cooperatives. The words "of employees" (in

French: "*que sont les salariés*") should be deleted, otherwise we will be discrediting the enterprises we wish to promote.

India. The following new clause (g) should be added: "provide logistic support to its constituents, ensure its democratic functioning, and the timely conduct of general executive body meetings, elections and audits".

Italy. Clause (d): The term "human resource(s)" now seems to be in common usage and covers the concept of "employees" which, therefore, should be deleted.

LEGACOOP, CONFCOOPERATIVE, AGCI. The term "of employees" seems restrictive, since it does not take into account the plurality and complexity of the co-operative system (in mutual and economic terms), whose human resources cannot be confined only to the category of employees.

Japan. In clause (d), the words "of employees" should be retained. Since the instrument will be one of the ILO's instruments, its coverage should not go beyond the ILO's mandate, to allow many member States to apply it.

JTUC-RENGO. Clause (d): JTUC-RENGO proposes the term "cooperative workers", which covers employees, self-employed persons (members of agricultural co-operatives, etc.) and cooperative members.

Lebanon. Who would be responsible for "encouraging" workers' organizations? This should be specified, given that clauses (a), (b), (c), (d) and (e) place responsibility upon the cooperative organizations themselves, in particular their unions and federations.

As regards clause (d), investment in human resources should be extended to all those employed by and working in cooperatives.

Mexico. In clause (d), replace the term "of employees" by "of persons working in them".

Morocco. FCCISM. Proposes that the term "employees" be retained, the objective being to have modern, professional cooperatives run by paid and motivated staff.

New Zealand. New Zealand believes that the instrument could usefully suggest what measures cooperative organizations, and in particular their unions and federations, might adopt to support and promote cooperatives, but it should not prescribe such measures as being necessary. New Zealand supports the proposed text. It considers that the words "of employees" in clause (d) do not have the effect of limiting human resource development investments made by cooperatives and should be retained.

Nigeria. In clause (d) the use of the words "of employees and members" is suggested.

Panama. Does not agree with the Spanish term "*sindicatos*" in the introductory phrase, and prefers the term "*uniones*", as suggested under Point 19 of the Conclusions.

Portugal. Clause (d): The Government agrees that the word "employees" could be construed as unduly restricting the scope of investment, in that it does not include those people working in cooperatives who may not be wage earners. It is therefore suggested that the clause should read: "invest in human resource development in co-operatives".

CIP. The provisions relating to cooperative organizations in this Paragraph are not acceptable.

South Africa. The phrase "of employees" is appropriate.

BSA. In clause (d), the words "of employees" should be deleted. They are unnecessary and confusing in an instrument aimed at promoting cooperatives, since a cooperative might in fact have as its aim the investment in human resource development of its members.

Spain. In clause (d), the words "of employees" should be maintained.

Sweden. Supports clause (d).

Switzerland. UPS. In clause (d), the phrase "of employees" should be deleted in order to avoid limiting the activity of human resource development.

United Kingdom. Clause (d): The words "of employees" are otiose and could be removed. In any case, members of a worker cooperative may not necessarily see themselves as employees, and the additional words might restrict what is proposed.

United States. The United States requests clarification as to the meaning of the term "unions" in the introductory phrase.

USCIB. In clause (d), human resource development should be not restricted to employees. The words "of employees" should therefore be deleted.

Office commentary

In response to the majority of commentaries, which suggested that the words "of employees" in clause (d) should be amended or deleted, the Office has decided to reword clause (d) to read as follows: "invest in human resource development in cooperatives". Moreover, the Office has decided to replace the word "relevant" in clause (a) with the word "concerned" for the sake of consistency with the French text.

Very few comments were received on the other provisions of Paragraph 16, implying their general acceptance. Paragraph 16, as amended, appears as Paragraph 16 of the proposed Recommendation.

V. International cooperation

General observation on Part V

Morocco. It is important to consider having recourse to technical cooperation and financial assistance to create a "level playing field" for cooperatives, in particular those in developing countries (funding to encourage cooperatives); drawing on successful experiments in countries that have made advances in this field; and establishing an appropriate information system to facilitate monitoring and analysis of the economic and social performance of cooperatives. This system would enable cooperatives to have credibility vis-à-vis their members and in relation to foreign backers.

17. International cooperation should be facilitated through:

(a) exchanging information on policies and programmes which have proved to be effective in employment creation and income generation for members of cooperatives;

(b) encouraging and promoting linkages between national and international bodies and institutions involved in the development of cooperatives in order to permit:

(i) the exchange of personnel and ideas, of educational or training materials, methodologies and reference materials;

(ii) the compilation and utilization of research material and other data on cooperatives and their development;

(iii) the establishment of alliances and international partnerships between cooperatives; and

(iv) the promotion and protection of cooperative values and principles;

(c) access of cooperatives to national and international data such as market information, legislation, training methods and techniques, technology and product standards; and

(d) developing, wherever possible and in consultation with cooperatives, workers' organizations and employers' organizations concerned, common regional guidelines and legislation on cooperatives.

Observations on Paragraph 17

Ecuador. CAPEIPI. Ecuador must draw on the support of the many international organizations that ensure the continuation of the cooperative model, for the benefit of the most needy classes. Such organizations can be found almost everywhere in the world providing technical assistance, training and finance to strengthen the cooperative movement. They include: the German Confederation of Cooperatives; the World Council of Credit Unions (WOCCU); the Latin-American Confederation of Savings and Credit Cooperatives (COLAC); and the CUNA MUTUAL organization of insurance cooperatives.

Italy. LEGACOOP, CONFCOOPERATIVE, AGCI. It is not clear from the present wording who should take the necessary measures. It is important to state clearly that this is the responsibility of member States.

Japan. The ILO cannot be the competent agency through which cooperatives, which are not constituents of the ILO, develop international cooperation. The Japanese Government wishes to know what other possible opportunities for their international cooperation are envisaged.

JTUC-RENGO. The ILO has been working very actively in the field of cooperatives since its establishment, and more recently also in the creation of small enterprises. The ILO's activities for cooperatives and small enterprises are becoming increasingly important in the face of a global economy and the increasing gap between countries, especially between industrialized and developing countries, in achieving decent work.

JTUC-RENGO hopes that the Government of Japan recognizes the historical role, knowledge and expertise of the ILO in the field of cooperative development, and takes an active part in the ILO's work in this field.

Lebanon. In clause (a), reword the sentence as follows: "promoting opportunities for exchanging information on policies and programmes ...".

In clause (b), add the following at the end of each sub-clause: "within the limits authorized by national laws and regulations".

Lithuania. LUCC. See comments on Paragraph 4.

Mexico. Include a clause concerning the need to establish technology transfer schemes in favour of least developed countries.

New Zealand. New Zealand believes that international exchanges of information and experience should be encouraged and that where it is necessary and advantageous to do so, governments should promote and support linkages between national and international bodies and institutions involved in the development of cooperatives. Cooperatives should have access to the same national and international data on market conditions, legislation, training methods and techniques, technology and product standards, etc., that are available to other forms of enterprise. New Zealand supports the proposed text.

Panama. With regard to clause (d), developing regional guidelines and legislation on cooperatives is a matter for cooperatives alone.

Portugal. CIP. No particular objections to these provisions.

Slovakia. See comments on Paragraph 4.

United States. USCIB. In clause (d), the word "appropriate" should be substituted for the word "possible". The current text presumes that common regional guidelines will always be necessary. The experience of the United States suggests that this is not always the case.

Office commentary

Very few amendments were proposed to the provisions of Paragraph 17, implying their general acceptance.

Paragraph 17 without amendments appears as Paragraph 17 of the proposed Recommendation.

VI. Final provision

Office commentary

In order to ensure the coherence of standards activities with the work and decisions of the Governing Body regarding the revision of standards, which aim to modernize the international labour standards that have been adopted, examine the need for the revision of certain instruments, and consequently eliminate obsolete instruments or those that are no longer useful in achieving the goals of the Organization, the Office proposes to add to the text of the proposed Recommendation a final provision indicating that the terms of the new Recommendation revise and replace the Recommendation of 1966, as follows:

"18. The present Recommendation revises and replaces the Co-operatives (Developing Countries) Recommendation, 1966."

This provision indicates clearly that the new Recommendation would be the only instrument to be taken into account for the promotion of cooperatives.

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